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# FINANCIAL TIMES

No. 27.613 Tuesday July 18 1978 \*\* 15p

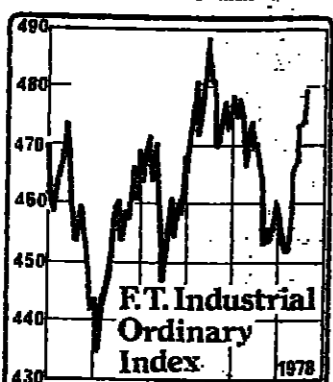
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## NEWS SUMMARY

**GENERAL**  
Soviet air apparent possibilities

**BUSINESS**  
Equities up 4.9; Gilts improve

● **EQUITIES** moved forward after a slow start and the FT



● **GILTS** made gradual progress, and long closed with rises of 1. The Government Securities Index rose 0.24 to 70.50.

● **DOLLAR** was given a slight boost by initial reaction to the Bonn Summit. Its trade-weighted depreciation narrowed to 7.5 per cent (7.7). STERLING lost 25 points against the dollar to \$1.8900 and its trade-weighted index closed at 62.1 (62.0).

● **GOLD** lost \$11 to \$1841 in London, and in New York the Comex July settlement price fell \$1.70 to \$184.30.

● **WALL STREET** closed 0.78 down at \$39.05.

● **U.S. TREASURY** bill rates were: three, 7.13 per cent (7.18) and six, 7.497 per cent (7.515).

● **HEARING** today of Burnham Oil's application for a court order compelling the Bank of England to disclose 62 documents in connection with its \$500m action against the Bank concerning its former shareholding in BP has been postponed. No new date has yet been set.

● **BSC** and the National Enterprise Board are holding talks to separate the loss-making Redpath Dorman Long division from the parent corporation and possibly try to take a share in RDL.

● **LEYLAND VEHICLES** managing director, Mr. Des Pither has resigned after only 18 months following speculation about a shake-up at the truck and bus manufacturing subsidiary of British Leyland. BL chairman, Mr. Michael Edwards has said he was not satisfied with Leyland Vehicles' productivity record.

**Middle East**  
Iks resume

die East peace talks resume in the Middle East. The Israeli Foreign Minister, Mr. Moshe Dayan, has ordered not to discuss the latest proposals with his Egyptian counterpart, Mohammed Kamel.

the death of the main Palestinian leader, Yasser Arafat, has been announced. The Israeli Foreign Minister, Mr. Moshe Dayan, has ordered not to discuss the latest proposals with his Egyptian counterpart, Mohammed Kamel.

**Mexican tanker**  
ash: 15 dead

death toll from the Mexican tanker explosion has risen to 15. More than 150 people were killed in the explosion. The tanker was carrying a large amount of oil.

**AU discord**

agreements at the Organisation of African States council of ministers has heightened fears of a split between "pro-peace" and "moderate" members of the OAU summit starting today.

**reform plans**

Home Policy Committee approved recommendations for reorganisations of the Civil Service. However, it has not yet decided on any recommendations on the National Front activity ending the "patriot" status available to some Commonwealth citizens.

**riest flees**

Rev. Theo Kotze, former South African minister, has fled to Botswana after being accused of involvement in the assassination of a South African politician.

**riefly**

Greek Cypriot chief negotiator in peace talks with Turkish Cypriots, Mr. Tassos Adenophos, was dismissed as President of the Republic of Cyprus for alleged involvement in the assassination of a Cypriot politician.

**Chief price changes yesterday**

Prices in pence unless otherwise indicated

Commodity	Price
Wheat	20 + 21
Barley	20 + 21
Maize	20 + 21
Beans	20 + 21
Peas	20 + 21
Lentils	20 + 21
Onions	20 + 21
Potatoes	20 + 21
Apples	20 + 21
Pears	20 + 21
Oranges	20 + 21
Lemons	20 + 21
Strawberries	20 + 21
Raspberries	20 + 21
Blackberries	20 + 21
Blueberries	20 + 21
Cherries	20 + 21
Peaches	20 + 21
Plums	20 + 21
Apricots	20 + 21
Almonds	20 + 21
Pistachios	20 + 21
Walnuts	20 + 21
Chestnuts	20 + 21
Coconuts	20 + 21
Peanuts	20 + 21
Soybeans	20 + 21
Wheat	20 + 21
Barley	20 + 21
Maize	20 + 21
Beans	20 + 21
Peas	20 + 21
Lentils	20 + 21
Onions	20 + 21
Potatoes	20 + 21
Apples	20 + 21
Pears	20 + 21
Oranges	20 + 21
Lemons	20 + 21
Strawberries	20 + 21
Raspberries	20 + 21
Blackberries	20 + 21
Blueberries	20 + 21
Cherries	20 + 21
Peaches	20 + 21
Plums	20 + 21
Apricots	20 + 21
Almonds	20 + 21
Pistachios	20 + 21
Walnuts	20 + 21
Chestnuts	20 + 21
Coconuts	20 + 21
Peanuts	20 + 21
Soybeans	20 + 21

## Bonn summit ends with specific pledges

FINANCIAL TIMES REPORTERS: BONN, July 17

LEADERS of the world's seven largest industrial democracies tonight announced agreement on a package of specific, independent measures which they claimed would boost economic growth, reduce inflation, cut energy imports and ward off protectionism.

Few of the actions promised are new, however. Most of them involve a reiteration of previous undertakings or the formal confirmation of steps known to be under consideration in the national capitals.

In contrast with last year's London world summit, at which governments committed themselves to short-term growth targets without saying how they would be achieved, the emphasis this year is on medium-term measures with a minimum of precise goals.

Few of the proposals are likely to have any significant effects until well into next year and will probably have only a modest impact on overall growth rates. In some cases, their results may not be seen until the next decade.

President Jimmy Carter said that the leaders had taken care not to promise more than they could deliver. Each leader had gone to the limit within the bounds of political actuality to make the maximum contribution to the common goal.

THE U.S. will put into effect by the year-end measures to cut oil consumption and imports.

WEST GERMANY will introduce an expansionary economic package later this summer.

JAPAN will limit its exports and boost imports.

FRANCE pledged to increase other's pledges.

The modest aspirations of the summit were reflected by several leaders. Mr. Taken Fukuda, Prime Minister of Japan, said that none of them had expected a miracle but that, given their various difficulties, they had agreed not to criticise each other's pledges.

UNITED STATES: President Carter pledged to have a "comprehensive energy policy" in place by the end of this year; when measures will be in effect that will produce oil import savings of about 2.5m barrels per day by 1985. Strategic oil reserves will be raised, coal output increased by two-thirds and oil import volume in 1978-79 cut below last year's level.

The communiqué did not specify how these goals would be achieved. He pledged to continue efforts to get his Energy Bill passed by Congress, but left the clear impression that he might resort to independent executive action if necessary.

On economic policy, top priority will be given to fighting inflation through strict budgetary stringency in the form of reduced public spending and smaller tax cuts over the next three years.

The U.S. has forecast real growth rates of 4 per cent annually next year and in 1980.

Continued on Back Page

### PACT ON TERRORISM

Countries who refuse to extradite or prosecute terrorists and hijackers, or refuse to return hostages and aircraft, face a total suspension of air traffic connections with the seven States taking part in the Bonn summit.

Details and U.S. doubts on Bremen currency scheme Back Page

Summit Notebook Page 2; Editorial comment Page 14

The Financial Times team in Bonn: Jonathan Carr, Adrian Dicks, Guy de Jonquieres and Peter Riddell.

Mr. Carter said that the meeting had produced more than he expected.

The individual contribution of each country has been tailored to its particular economic position. The main features of the package are:

GERMANY: Bonn will propose to the Bundesrat "additional and quantitatively substantial" measures up to 1 per cent of gross national product (GDP) to its particular economic position. The exact size of the boost will be determined by its public borrowing to boost growth rate.

ITALY promised to create investment.

CANADA aims to achieve higher growth and output.

THE U.S. made no new commitments beyond its most recent Budget.

Mr. James Callaghan said that the most important British priority was to continue the fight against inflation in order to step up trade and output and to boost the level of employment.

## Bank relieves pressure on interest rates

BY MICHAEL BLANDEN

THE Bank of England took action yesterday to relieve the upward pressure on interest rates which could result from severe shortages of funds expected in the money markets over the next few weeks.

The banks are to be allowed to keep for another seven weeks some £400m of funds which were due to be paid to the Bank as special deposits next Monday.

It was stressed yesterday that the move did not represent a change of policy and was not intended to offset the pressures on the banks resulting from the re-imposition of the so-called corset controls on the growth of their deposits early last month.

**Squeeze**

It was designed as a technical operation to smooth the flows of funds in the money markets and to relieve a potential squeeze on the reserve asset position of the banks.

The market has already been experiencing a severe shortage of money, partly resulting from the amount of funds mopped up by the heavy sales of gilt-edged stocks in the period immediately following the corset move.

The shortages are expected to persist for the next few weeks as a result of the flow of government revenue and spending, and could cause unnecessary fluctuations in short-term interest rates.

**Released**

The funds concerned are part of the special deposits which the banks are required to keep with the Bank under official controls. About £50m of these were released to the banks temporarily last month when the pressures first became evident, with a reduction in the rate of call of special deposits from 3 to 11 per cent of the banks' main deposit funds.

The call was restored to 2 per cent on July 3, but the recall of the remaining 1 per cent has now been postponed from July 24 to September 11.

## Police 40% wage rise will be paid in two stages

BY CHRISTIAN TYLER, LABOUR EDITOR

THE POLICE are to receive in two stages a pay rise of more than 40 per cent as a result of what is probably the largest special award to a major group of employees.

Mr. Morris Rees, Home Secretary, announced in the Commons that average increases of 20 per cent would be paid from September 1, with more than 20 per cent 12 months later.

The second payment will be increased in the light of movement of earnings elsewhere. The cost was about £250m, Mr. Rees said.

A committee of inquiry under Lord Edmund-Davies recommended in its report published yesterday that the full award should be implemented in September.

The increase ranges from 30 to 45 per cent, but some chief constables will receive more than 56 per cent by next autumn.

The committee's findings came on the eve of the Prime Minister's meeting with the TUC general council on the forthcoming White Paper for Stage Four of the incomes policy.

Ministers are considering a national earnings index of 5 to 7 per cent increase.

Other special cases given forward commitments during the present 10 per cent income policy include the firemen, the armed forces, doctors and university teachers.

Mr. William Whitelaw, shadow Home Secretary, said the next Conservative government would implement the full police increase without delay. He was accused of electioneering by Mr. Bob Mellish, Labour MP for Bermondsey.

The committee was set up after the collapse of the police negotiating body, and pay grievances that led to demands for the right to strike. Its report rejects these demands as contrary to the nation's interests.

"Even the threat of a police strike could be very damaging to the state of law and order," it says.

It calls for rapid re-establishment of a negotiating body, with some changed representation on the employers' side, and with an independent chairman and secretariat.

The increase in violent crime and terrorism, the disruption to policemen's domestic life and the advance of sophisticated crime-fighting equipment are given as evidence of the greater responsibilities of policemen.

In a passage that will encourage Ministers to believe the award will not have repercussions elsewhere, the committee says it found it impossible to equate police work with any other when it came to determining pay.

A new London allowance of £650 per annum will also be paid in two stages, but pensions will be calculated as if the award was paid in full in September.

Officers in Northern Ireland will receive an allowance of £500 per annum.

The employers' side said the award which was widely welcomed by the police themselves, would increase manpower by thousands and restore morale.

Sir David McNee, Metropolitan Police Commissioner, said the award would help London's greatest manpower problem, which is wastage.

Fending off a charge from his own backbench that police pay was a lesson to the Government to keep out of free collective bargaining, Mr. Rees said that it could not be left to the free market.

"The police themselves would lose by it, and in my view, so would anybody else in the public sector."

Parliament, Page 8  
Editorial comment, Page 14

## State chairmen make pay plea

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

NATIONALISED industry chairmen are to urge Mr. Denis Healey, Chancellor, tomorrow to design the Government's pay limits for the coming year so that there is a fixed percentage amount to be used for solving anomalies and other wage structure problems on top of a basic norm.

The issue of whether there should be a single or a split pay norm is one of the main points to be discussed in a final series of meetings within the next few days before the Government publishes its White Paper on pay.

The meetings start tonight with the full TUC general council, seeing Mr. James Callaghan who is then to meet leaders of the Confederation of British Industry tomorrow morning.

Later in the afternoon the confederation's monthly council meeting will decide its views, and its leaders will then meet Mr. Roy Hattersley, Prices Secretary, in the evening to urge that the Government should abandon its present system of threatening companies which break the pay limits with sanctions over State aid and contracts.

The argument for a split pay norm will be put tomorrow afternoon to Mr. Healey by a small delegation from the nationalised industries' chairmen, the group led by Sir Peter Parker of British Rail.

The chairmen are worried about the pay differential and other problems which have built up in their industries because their wage deals have been so tightly monitored by the Government. To solve this they want a specific amount—say 2 per cent on top of a 5 per cent basic norm—to be set aside. They believe that, if such an amount is not specified, they will be forced in union negotiations to award all of what is allowed in general increases, which would

Continued on Back Page

## Investment banks in share talks

BY MARY CAMPBELL

THE LONDON-BASED international investment bank Credit Suisse White Weld and the U.S. investment bank First Boston Inc. are negotiating a shareholding swap, CSWW announced in London last night. First Boston is seeking to acquire White Weld's former 30 per cent stake in CSWW.

At the same time, CSWW would replace the foothold in New York which it lost when it sold its stake in White Weld, a U.S. investment bank, to Merrill Lynch, another such bank, by buying a stake in First Boston.

If agreement is reached, it will be subject to further corporate and other approvals including approval by the Swiss National Bank, the statement said.

No further comment was available last night but CSWW is expected in the City to acquire a shareholding in First Boston of about the same size as the 30 per cent which White Weld formerly held in CSWW.

This holding was sold to Credit Suisse as a result of the Merrill Lynch acquisition of White Weld. The purchase pushed Credit Suisse's holding in CSWW from 46 per cent to 77 per cent. The new arrangements are expected to cut it back to its original size.

The net worth of CSWW and First Boston are similar—the former at the equivalent of about \$83m (£51m) and the latter at about \$85m. This means that the mutual acquisition of shareholdings of similar size would cost each institution approximately the same amount.

It was not clear last night how CSWW would buy such a large stake in First Boston, which is a publicly-quoted company. It could seek to purchase the shares in First Boston held by the Mellon family, or buy shares in the open market, but these options were considered unlikely.

More likely would be for First Boston to sell CSWW newly-issued shares, making use of the fact that its authorised capital is considerably larger than its issued capital.

This would involve a capital injection into First Boston of over \$30m. White Weld sold its stake in CSWW for some \$27m.

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## EUROPEAN NEWS

## Unions accept restructure of Spanish shipbuilding

BY OUR OWN CORRESPONDENT

MADRID, July 17.

AFTER MORE than two months of negotiation, Government, Management and Unions have reached agreement on a plan to restructure the shipbuilding industry, the most depressed industrial sector in Spain.

The agreement is based on a plan first drawn up by the Ministry of Industry last May and recently considered by the Spanish Cabinet. It envisages a reduction in the industry's present activity by 50 per cent over the next five years, and the provision of 12,000 jobs.

Of this 12,000 will be in the form of capital increase, in the three main yards, Bazan (Pais Vasco), Astano (Pais Vasco) and Espanoles (Pais Vasco), and some 10,000 in the form of credits provided mainly by the Government.

Because of the depressed state of world shipbuilding, the three yards, which between them account for 85 per cent of the sector's total capacity in Spain, are estimated to be well above realistic capacity. Their present work-load is 900,000 gross tons against capacity of 1.5m gross tons. Losses so far this year are believed to be in the region of Ptas 900.

Reduction in activity will be achieved through the introduction of a system of rotary lay-

offs, involving 7,000 of the industry's 30,000 workers. Workers will be temporarily laid off for a minimum period of 15 days and a maximum period of six months. During this time the temporarily unemployed workers will receive unemployment benefit. The agreement has avoided resorting to mass redundancies as first demanded by management. This was described today by Sr. Agustin Sahagun, Minister for Industry, as a sign that the Government could govern in the industrial sector.

The agreement represents a vital concession to those Government circles and union leaders who have argued that a drastic reduction in the labour force would be politically and socially dangerous. The Government, which controls 100 per cent of Bazan and 50 per cent of the other two, has been under pressure on this point.

The three main yards are all situated in areas of serious unemployment, in particular Cadiz and Bilbao. In the Cadiz area, where unemployment is estimated at between 12 and 14 per cent, nearly twice the national average, 60 per cent of the population is bound up with shipbuilding. During the

sector's crisis earlier this year, serious riots broke out and the police opened fire on workers, injuring a number of people. An equally delicate political problem has been posed by the presence of a large part of the shipbuilding industry in the Basque country. The Government is well aware of the ease with which the demands of the shipbuilding workers could add a dangerous new impetus to political militancy in the area. Last Friday, after one of the most violent weeks in the Basque country since the death of Franco, workers at the Bilbao-based Astilleros issued a warning of industrial action unless Government and unions reached substantial agreement on the industry by the end of the month.

Against this background today's description of the agreement as extremely positive by the Communist-dominated Workers' Commissions and the Socialist unions, UGT and UPO, augurs well for the Government. How to deal with the crisis in shipbuilding has long been accepted as one of the most important industrial decisions facing Sr. Adolfo Suarez, the Prime Minister. Observers were commenting today that the agreement is a breakthrough in industrial relations.

## Small rise in French total of unemployed

By David Curry

PARIS, July 17. — UNEMPLOYMENT in France increased slightly between May and June, defying the normal seasonal reduction at this time of the year.

Further indicating that the situation remains worrying, the Government is inclined to think that this increase has been caused by employers postponing recruitment so as to benefit from the fiscal incentives to hire labour which came into force at the beginning of July.

The crude figures — the Government no longer gives seasonal adjustments — puts the jobless total up by 2,200 from the May total of 1,039m. Vacancies were slightly more numerous at 94,000 against 92,000.

Even with the incentives to take on labour, which are, in fact, watered down from those introduced a year ago, the Government is reconciled to the rise in unemployment over the coming months.

The Minister of Employment, Mr. Robert Boulin, has admitted to expecting a peak of around 1.2m.

Certainly, there is considerable job loss still to come from "lame duck" industries. In the past week alone, there have been 3,000 notified redundancies, including 1,300 at the La Ciotat shipbuilding group. A further 1,000 jobs in steel and textiles is probable even without the contribution from the Boussac group, which may be heavy when the final restructuring plan is worked out.

To facilitate the restructuring, the personal interests of M. Marcel Boussac have been brought under judicial control to join the group's textile concerns.

The general construction index for May, seasonally adjusted, was down to 127 from 131 in April. The Ministry of Economic Affairs attributes the drop to lower energy production and some falling off in the consumer goods sector, noting also that May Day and the Assommoir Day fell in the same week, and some companies stretched their holidays over the two festivals.

## SUMMIT NOTEBOOK

## Key role claimed for Callaghan

THE UK may not have been able to announce any major new policy commitments as a result of the Bonn summit, but this has not stopped a good deal of strident trumpet blowing by British Ministers and spokesmen. Indeed there is almost an inverse relationship between action and words. Mr. James Callaghan has been presented as the statesman who made the whole event possible—a kind of super-impressionist and mediator in one. He is said to have been the main conciliator between West Germany and the U.S., relying on his personal friendship with the two other leaders, constantly referred to as Helmut and Jimmy.

The British line is then embellished with the suggestion that Mr. Callaghan's five-point plan to produce world recovery concentrated the minds of the participants on the real issues and paved the way for the eventual deal. The key stage was apparently when the Prime Minister visited Washington over Easter to see his grandchildren and President Carter, and it was then the ice started to thaw.

More specifically, the British have been promoting themselves as the leaders in implementing the spirit of Bonn ahead of the event—before the ink was wet so to speak. The UK did its bit to boost world recovery with the reflationary Budget in mid-April. International concerns were naturally the main motivation behind these measures. The fact that the Budget was domestically popular and an election is not far off is, of course, quite beside the point and demeans Mr. Callaghan's statesmanlike stature.

JOURNALISTS ARE often accused of exaggeration. Sometimes, alas, it is true. But among themselves they keep a dour sense of perspective. Following is the full text of the "pool" report on the arrival today of the leaders of the Western world's seven main industrial nations (plus the President of the EEC Commission) for their last working session. (A "pool" incidentally involves a few eager journalists deputised to be where the action is and to report back faithfully and without comment on the chief actions of the day.)

10.15—Rov Jenkins by car. He



West German Chancellor Helmut Schmidt hosts a working breakfast on the final day of the Bonn Economic Summit for British Prime Minister James Callaghan, the French President Valéry Giscard d'Estaing and President Jimmy Carter.

didn't smile and didn't wave. 10.17—Fukuda. After diligent coaching he smiled and waved. 10.20—Giscard and Schmidt same walking together up the driveway from the breakfast.

The Financial Times team in Bonn: Jonathan Carr, Adrian Dicks, Guy de Jonquieres, Peter Riddell.

Giscard smiled and waved. Schmidt smiled but didn't wave. 10.21—Andreotti was driven up. He sort of smiled and waved. 10.22—Trudeau arrived by car. He waved but didn't smile. Precise time unknown—as previously noted on the schedule, Carter stealthily arrived by another entrance, out of view, with Callaghan.

Grand Totals: two sneaks, four waves, 31 smiles.

To the experienced observer of summits, such episodes can speak volumes. For example, the ordinary bystander might attach little significance to the order in which the great men entered the conference hall. But to President Giscard d'Estaing this is a matter of capital importance, and Jimmy Carter's imperfect understanding of French sensitivities on this point came close to marring the carefully contrived aura of harmony surrounding the talks.

M. Giscard d'Estaing is, of course, a little bit different from other European leaders, being the only one who is a head of State as well as of government. He has managed to persuade his colleagues that this entitles him to arrive at the three-yearly EEC summits a little later than anyone else, and immense pains are taken by French officials to ensure that the distinction is respected. So, naturally, M. Giscard d'Estaing assumed that he would be the last man to take his seat in Bonn.

In Washington, by contrast, it

is a mark of politeness to step aside and allow others to enter a room ahead of you. So when President Carter and President Giscard arrived at the conference hall together a bizarre gawot took place as each man tried to propel the other inside. Eventually, a bewildered Carter entered first, followed by triumphant Giscard.

CHANCELLOR Helmut Schmidt choosing an obvious symbol from the local scene, declared at one point that the Siebentbirge, or seven hills of Bonn, must lead the seven assembled heads of government each to a scale of separate summit of his own choosing (though as the conference progressed, the tempura said the host, the seven must struggle together up to a common peak of achievement). But perhaps not wanting to discourage Mr. Jimmy Carter the German Chancellor neglected to mention that the highest of the Siebentbirge is the Oelberg—Mount Oil.

## Church adapts to new ways

BY JIMMY BURNS IN MADRID

SPAIN'S Catholic Church has adapted remarkably well to recent proposals which effectively reduce its temporal powers. The proposals are contained in a draft constitution which is currently being debated—albeit in a somewhat uninspiring way—by the Spanish Parliament.

The draft constitution represents the very shift to democracy which the Church steadfastly resisted when it was handed down by the Franco regime. Now unlike any other Francoist institution, it appears to have adjusted well to the change in Government.

The Church has gradually withdrawn from the political arena and adopted what Cardinal Enrique Tarancon, the Archbishop of Madrid and head of the Spanish Episcopal Conference, likes to call "active neutrality."

Even in the last years of Franco, the Spanish bishops continued to play a prominent part in political life—though by that stage less as a part of the regime than as an uncomfortable opponent in their resolute defence of human rights. With the advent of democracy however the neutrality became more than a slogan. The bishops have increasingly watered down their "political" statements, leaving it up to the politicians to get on with the job.

This neutrality found practical expression on the eve of the 1977 general election when the bishops' statement from the Spanish Episcopal Conference confirmed the right of any Catholic in Spain to vote for the political party of his choice, without interference from the bishops. This neutral stance has been widely accepted as one of the main causes behind the poor showing made in the elections by the Christian Democratic Party, which failed to get even one deputy elected.

One year after the elections, however, it is clear that not everyone within the Church's ranks agrees with the bishops' preference for political withdrawal. While on the extreme right, Sr. Blas Piñar, head of Fuerza Nueva invokes to use as their spokesmen worker

and country" and plays host to the traditionalist ideas of Monsignor LeFebvre, some sectors of the extreme Left tend to use as their spokesmen worker priests who openly condemn the "capitalist" Vatican and look to the day when Christians and Marxists can together lead the violent overthrow of bourgeois society.

Despite this opposition, the bishops maintain that neutrality does not mean turning a blind eye to the social changes taking place around them. The Church remains "active" in the sense

that it has not surrendered its "moral" authority within Spanish society.

In this sense the bishops broke their silence earlier this year when the first draft of the Constitution omitted any mention whatsoever of the Catholic Church. In the bishops' view, such an omission simply neglected the reality of the Catholic Church's existence in Spain. The bishops won their battle. Article 15 of the latest draft of the Constitution now includes the guarantee that the administration "will take into account the religious beliefs of Spanish society and maintain the consequent co-operation with the Catholic Church and with other denominations."

The article as it now stands is vague and open to a number of interpretations. It is because of this that the bishops have a clearer definition still depends on the content of the Constitution. This agreement signed between General Franco and the Vatican in 1953 gave considerable advantages to the Spanish Church. Catholicism was recognised as the official religion; all levels were made obligatory; and censorship was put in the

hands of the bishops, who could ban any work if judged to be "unorthodox." The State, for its part, undertook to give the Church substantial economic support, by setting up, for example, a special ecclesiastical fund.

Both the Spanish Government and the Vatican have agreed in principle to replace the Concordat by the end of this month, yet have so far failed to agree as to what should take its place. The Spanish bishops, while accepting the constitutional guarantee that religious education should no longer be obligatory, fear that in future the possibility of creating religious schools may be restricted. Article 25 of the present constitution under debate, while stipulating the right of "individuals and legal persons" to set up new educational establishments, does not specifically include the Church.

According to the latest available figures the Catholic Church in Spain has 994 schools (mostly private), 573 technical colleges, and 121 educational centres for handicapped children.

On the question of state finance, the bishops maintain that the Church needs funds if it is to survive physically. The state subsidy today is estimated at Ptas 500 per annum—no small sum given Spain's present economic difficulties. While the bishops have virtually accepted that such a subsidy is no longer realistic in present Spanish society, they would like to see the Government compromise on the issue. One suggestion that has been made is that some form of economic support for the Church should eventually be written into the new tax system; this is currently being reformed.

Clearly there is as yet some way to go before the Spanish Church defines its role more completely in the country's new democracy. There remain issues which have not yet been clearly defined in the constitution and which still await public debate. For the bishops these remain the "moral" issues. Yet it is far from clear how their "active neutrality" would express itself in the event of a referendum.

## Dutch move to fill job vacancies

By Charles Batchelor

AMSTERDAM, July 17. — HOLLAND PLANS to set higher conditions before it allows people without a job to draw unemployment pay, in an effort to restore balance to the labour market. More than 200,000 workers are currently out of a job but there are 65,000 unfilled vacancies and employers are finding it difficult to recruit skilled workers, particularly in the building industry.

The unemployed will have to be prepared to accept a wider range of jobs or face losing unemployment benefits, according to Dr. William Afdeld, the Social Affairs Minister. Retraining facilities are to be extended and a refusal to accept retraining may also lead to the loss of benefits. Regional offices will be set up to rule in disputes.

These measures are expected to lead to 20,000 vacancies being filled over the next 18 months. This would save some £1,500m (\$2,250m) in unemployment pay.

To increase mobility, the Government is ready to subsidise employees who have to accept a lower-paid job, and to help with removal expenses. Companies will also be encouraged to take more employees from the disadvantaged groups—the young and the handi-

capitated. Tightening conditions for accepting jobs and retaining them can be achieved by a more stringent and uniform application of the existing labour law. New legislation will not be necessary, the Social Affairs Minister said.

These measures are part of the plan to cut public spending by 100,000 jobs in 1981, details of which are now being worked out. Despite criticism of the plan by the unions, they have not rejected it outright and Dr. Afdeld says there is room for negotiation. Parliament will discuss the proposals when it resumes at the end of August.

## Kuwait leads in output table

By Our Own Correspondent

ZURICH, July 17. — KUWAIT LAST year remained the country with the largest gross national product per capita, according to a survey published in Zurich by Union Bank of Switzerland (UBS). Although its per capita figure in terms of current dollars is down on that booked for 1976, its \$11,950 per head was still well above that of \$10,010 for Switzerland, which comes second on the UBS list.

These two countries were followed at the top of the world listing last year by Sweden (\$9,480 gross domestic product), Norway (\$8,845 gross domestic product) and the U.S. with a national product put at \$8,715.

The United Kingdom booked a per capita sum of \$4,365 last year taking 20th place after Saudi Arabia and before East Germany.

## Ukraine trial opens of another 'Helsinki group' dissident

BY DAVID SATTER

MOSCOW, July 17.

A MEMBER of the Ukrainian "Helsinki" group was reported to have gone on trial today for anti-Soviet agitation in the Ukrainian town of Gorodnya. The authorities continue their campaign to eliminate the groups which have tried to monitor Soviet observance of the Helsinki accords.

Following three major dissident trials last week, witnesses were called to testify today in the case of Mr. Lev Lukyanenko, a founding member of the Ukrainian Helsinki group, who has been held by the KGB since his arrest last December, dissident sources said.

More than 20 Helsinki group members in Moscow, the Ukraine, Lithuania, Georgia and Armenia have either been arrested or sentenced since the crackdown began 17 months ago. Four of these have been members of the Ukrainian group already convicted of anti-Soviet agitation and given maximum sentences.

It convicted, Mr. Lukyanenko (50), a retired engineer and activist, who served 15 years in a

strict regime labour camps after a death sentence was commuted to a maximum sentence of 10 years imprisonment and five years internal exile.

Our Foreign Staff writes: The appeal of Dr. Yuri Orlov, the founder of the Moscow-based Helsinki monitoring group, will be heard in a Moscow court on Tuesday. It was urged in London yesterday that Dr. Orlov was sentenced earlier this year to seven years' imprisonment and five years' Siberian exile for anti-Soviet activities—charges which derived principally from his human rights campaigning.

Mr. John Macdonald QC, who was engaged to represent Dr. Orlov, drafted the appeal on behalf of the dissident, maintaining that the original trial was "one-sided."

Dissidents claimed that Dr. Orlov was barred from calling defence witnesses, forbidden to present requested defence evidence, interrupted by the judge during his final speech and repeatedly heckled during the trial.

Mr. John Macdonald, who announced that the appeal would be heard on Tuesday, has said that these were infringements of Soviet law and were sufficient to show that the trial was invalid.

The outcome of Dr. Orlov's appeal will serve as a litmus test for the sentences on two other Moscow-based dissidents, tried last week, Mr. Anatoly Shecharansky and Mr. Alexander Ginzburg. If Dr. Orlov's sentence is reduced, then there is a possibility that the other dissidents may benefit. Both Mr. Shecharansky and Mr. Ginzburg are due to enter their appeals this week.

The sentencing of the three dissidents brought angry sponsors to the West. President Carter expressed support for the three when they were arrested last year and has condemned the trials.

There has been considerable speculation in the West that the three dissidents would be exchanged for alleged spies arrested in the U.S. or West Germany but such a swap would almost certainly not be considered until the appeals of the dissidents have been heard.

## Carter line welcomed by Italians

By Dominick J. Coyle

ROME, July 17.

EXTENSIVE press coverage, including a front-page report in the Communist Party daily, L'Unita, was devoted here today to remarks by President Jimmy Carter in West Berlin at the weekend in which he suggested some change in the U.S. Administration's attitude to Eurocommunism.

Observers in Italy, which has the largest Communist Party in the West, detected a less hard-line Washington attitude to Eurocommunism, compared with the State Department's comment earlier this year which stressed that the Carter Administration did not wish to see any further Communist advance in western Europe.

That intervention was criticised widely here by the political parties, including some Christian Democrats, as constituting interference in Italian domestic politics at a time when a new governing alliance was being arranged to bring the Communists into the parliamentary majority supporting Sig. Giulio Andreotti's minority Government.

Italian newspapers today quoted President Carter as noting with approval the criticism of western Communist Parties, including those in Italy and France, of the recent trials of Soviet dissidents, and his apparent acknowledgement in West Berlin that Eurocommunism is not dominated by the Soviet Union.

The Italian Communist Party has been in the forefront of western Communists in seeking to distance itself from Moscow on a number of issues, particularly on the concept of Eurocommunism itself—a concept which has been challenged by the Soviet Union.

The setback suffered by the Italian Communists in recent local elections has been welcomed privately by a number of western embassies in Rome as indicating that the Communist march is not unstoppable, as many diplomatic observers—including the Americans—seemed to have assumed.

It has also been noted that despite the hard-line anti-Communist stance adopted by the State Department, which in general, President Carter supported in his West Berlin exchanges, there has been increasing acceptance by Washington in recent months of visits to the U.S. by leading Italian Communists. Sig. Giorgio Napolitano, a leading member of the party's central committee, returned recently from a U.S. lecture tour.

## Soares coalition under pressure

BY OUR OWN CORRESPONDENT

LISBON, July 17.

CONSERVATIVE PRESSURE on Portugal's Socialist-Conservative Alliance is increasing as Socialist Prime Minister Dr. Mario Soares continues to play down the differences between the seven month-old partners.

Prof. Diogo Freitas do Amaral, leader of the Christian Democrats (CDS), was reported today as saying his party had not joined the Government to allow it to adopt more Left-wing policies than the minority socialist Government had pursued in 1977. He warned that the CDS could not support complacency in relations with the Moscow-line Portuguese Communist party.

Meanwhile the socialist national secretariat met Dr. Soares this weekend and decided to answer the Conservative challenge by asking President Ramalho Eanes to chair a special cabinet session.

The socialists did not fix a date for this meeting and somewhat vaguely they also announced they would open high level talks with the CDS to discuss their differences.

The lethargic tempo at which the so-called crisis is developing may reflect a conscious choice to prolong things until after the holiday period or could be a result of soaring midsummer temperatures.

Communist party leader Dr. Alvaro Cunhal told his supporters this weekend that the CDS was involved in blackmail to bring down the government and restore a right wing dictatorship in Portugal.

Attack lies the fear the Socialists might agree to Conservative demands for the removal of Dr. Luis Salas, the Agricultural Minister, whose agrarian reform policies appear acceptable to the Communists but have dismayed the CDS.

Other fields of CDS concern include the Socialist proposed national health scheme which the largely CDS supporting medical profession opposes, and the education system, which remains in a state of confusion resulting from continued ideological changes of direction.

The country has been without an effective government since parliamentary elections in June. It is clear that the economy cannot endure the absence of an effective administration for much longer.

The economic situation is worsening steadily and the inflation rate now stands at about 45 per cent. One of the first tasks for a new government will be to devalue the leilao krona by at least 20 per cent. Unconfirmed reports say Reykjavik said the International Monetary Fund (IMF) is insisting on a devaluation of 34 to 35 per cent.

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## New bid to form Iceland Cabinet

BY JON H. MAGNUSON

REYKJAVIK, July 17.

MR. BENEDIKT GRONDAL, leader of Iceland's Social Democrats is asking the leaders of the Communist-dominated People's Alliance and the middle-of-the-road Progressive Party to take part in talks aimed at forming a new left-wing coalition government.

Mr. Grondal said this morning that the talks could start on Wednesday. His attempt last week to form a government with the right-of-centre Independence Party and the People's Alliance failed when Mr. Ludvik Josefsson, leader of the Marxist Alliance refused to join a coalition with the Independence Party.

Mr. Josefsson's party is opposed to Iceland's links with the North Atlantic Treaty Organisation (NATO). The Social Democrats and the Independence Party favour Iceland's membership.

The new talks will be difficult and could prove fruitless, Mr. Josefsson believes that the President should have asked him to lead a new Left-wing Government.

If the talks collapse, Mr. Grondal might try to form a Government with the Independence Party and the Progressives. Alternatively he might ask the two parties to support a minority Socialist Democratic Government longer.

## Switzerland's trade gap falls 31.4% in first half

BY JOHN WICKS

ZURICH, July 17.

THE SWISS trade gap narrowed by 31.4 per cent in the first half of this year, falling to SwFr 838m as compared with SwFr 1,220m in the corresponding period of 1977. First-half exports were higher by 4 per cent and imports by 2 per cent than in the same six months of last year.

This faster growth on the export side resulted, however, from a disparity in the development of export and import prices. While export price levels fell by only 3.5 per cent over the year, those for imports declined—in connection with the rise in the Swiss franc exchange rate—by as much as 10.3 per cent. In real terms, imports thus went up by 13.9 per cent and exports by 8.1 per cent.

Swiss car imports reached a record level in the first half of this year, with sales of 148,152 new vehicles. This 14 per cent increase over the corresponding period of 1977 points to a possible breaking of the 1972 annual record of some 220,000 new cars sold on the Swiss market. Major import brands were Volkswagen, Opel, Ford, Renault and Fiat.

Striking growth rates, however, of between 85 and 124 per cent in comparison with the first half of last year, were booked for the Japanese Mazda, Mitsubishi and franc exchange rate, by as much as 10.3 per cent. In real terms, imports thus went up by 13.9 per cent and exports by 8.1 per cent.

## Decline likely in tourism

By Our Own Correspondent

ZURICH, July 17.

SWITZERLAND'S TOURIST traffic is expected to develop less favourably over the current summer season than during the past winter, when there was a 7 per cent increase in the number of hotel bookings by foreign visitors. According to the Union Bank of Switzerland, this will be due to the higher level of the Swiss franc exchange rate.

Figures just released by the Swiss Government show that in 1977, tourist earnings passed the SwFr 60m mark for the first time, rising by 18.5 per cent over the previous year to SwFr 60,700m. The increase is due both to a 6 per cent increase in hotel use and to a sharp increase in excursion and transit spending by foreigners.



## AMERICAN NEWS

Links by  
BNOC with  
Venezuela,  
Mexico

By Hugh O'Shaughnessy  
STRONGER LINKS between the British National Oil Corporation and the state oil companies of Venezuela and Mexico are expected as a result of the visit to those two countries of Lord Kearton, the BNOC chairman, which ends this week.

BNOC and Petrolia of Venezuela, the state oil concern, are to exchange technical planning and marketing staff over the next few months, according to a statement in Caracas by Lord Kearton, quoted by AP-DJ. He remarked that, while Venezuela had valuable experience in secondary recovery methods, British could help Petroven in its offshore drilling programme, due to start next month.

British builders are hoping for orders from Venezuela for drilling platforms which would be built either in Britain or in joint ventures in Venezuela. During his stay in Mexico, Lord Kearton is expected to follow up suggestions about closer associations between the British and Mexican oil industries which were made last week when Sr. Santiago Roel, the Mexican foreign minister, visited London.

The British corporation might provide expertise for the international marketing of Venezuelan oil. Any British co-operation with the Mexicans would have to take into account a certain Venezuelan reserve about the increasingly important role of Mexico as an oil exporter which has been joined by the Organisation of Petroleum-Exporting Countries, and the Venezuelan desire that Mexican oil sales should not weaken any OPEC strategy.

Effort to adjust  
Belize border  
and end dispute

By Hugh O'Shaughnessy  
A NEW attempt at a settlement of the century-old border dispute between Guatemala and Belize, formerly British Honduras, is being attempted on the basis of an adjustment of the southern boundary of the colony, which is now delineated by the course of the Sarstoon River.

According to plans tabled at the meeting of Latin American states with President Jimmy Carter for the signature last month of the U.S.-Panamanian treaty on the future of the Panama Canal, straight lines would take the place of the meanderings of the Sarstoon River as the frontier between Belize and Guatemala. The latter would also be guaranteed unimpeded access to the Caribbean from its ports of Puerto Barrios and Santo Tomas de Castilla. A formal negotiating session is being arranged to include Britain, Guatemala and Belize.

Japan car makers  
hold U.S. market  
share as prices rise

BY JOHN WYLES

NEW YORK, July 17.

LEADING JAPANESE car importers into the U.S. are again raising prices because of the fall of the dollar against the yen. Their sales, however, are still remarkably robust, despite a string of price increases this year. Much was made recently of the 5 per cent drop in imported car sales in June, but this masked the fact that Japanese manufacturers, continually harassed by the dollar-yen instability, actually improved their share of the import car market last month. Moreover, their hold on the import market from January to June has slipped only marginally from 68.4 to 68.1 per cent.

At 713,891 units, Japanese sales for the six months are only 3.4 per cent lower than in the same period last year when imports as a whole reached peak levels. Sales from both General Motors and Ford have been aggressively fighting back against imported small cars, but the 17.8 per cent market share enjoyed by all imports remains historically high.

The implication is that although import sales may have suffered because of the declining dollar, they have still been helped by the overall boom in demand for new cars which has taken January-June sales to 5.89m compared with 5.81m last year. At 1,048m import sales are barely 31,000 units less than last year.

The leading Japanese importer, Toyota, which last week raised its price for the fifth time this year, claims that it has no evidence that its sales have been hurt by the increases. Last month Toyota sales were nearly 10,000 units lower than in June last year, but the company says that it had no great hopes of matching the June 1977 total of 52,149 which was its second best sales month ever.

Nissan, number two in the import market, followed Toyota by announcing a 3.7 per cent increase in prices at the end of last month. American Honda, which is charging an extra 4.8 per cent for its vehicles.

By contrast, German importers, whose prices have been less volatile, are lagging seriously behind last year's performance. The Postal Service's offer of a package based on first year rises of substantially less than 5.5 per cent was rejected by the unions last week. Their claim seeks pay and cost of living adjustments worth more than 14 per cent a year.

Meanwhile, the emerging settlement in the railway industry is unlikely to bring much cheer to the Administration. Although the tentative agreements so far reached with five of the 13 unions involved lean heavily on cost of living adjustments linked to the inflation rate, headlines reporting rail settlements of up to 35 per cent over three years strengthen expectations among key labour groups of workers, such as car workers and lorry drivers, who will negotiate next year.

The 55 per cent maximum agreed with some railway workers would be contingent on an inflation rate of 8 per cent or more during the life of the contract.

One union, the Brotherhood of Railway and Airline Clerks, is pressing for more direct increases, rather than cost of living adjustments, and has initiated the complicated legal process which could leave it free to take strike action later in the year.

## U.S. COMPANY NEWS

Lykes-LTV merger delay; Sharp gain by General Motors in Brazil; Union Camp near peak levels—Page 29

Rail pay  
move may  
accelerate  
inflation

By Our Own Correspondent

NEW YORK, July 17.

THE CARTER Administration's inflation fighters are anxiously watching the closing stages of key cost of pay negotiations which could set in motion the credibility of the Government's bid to restrain pay and prices.

Last night, a fifth railway union, that of the signalmen, reached a tentative agreement with the employers' National Railway Labour Conference. The deal, which is broadly in line with the three-year package giving rises of as much as 35 per cent, already reached with four other rail unions.

At the same time, negotiators for the U.S. Postal Service and three unions representing 570,000 employees stepped up their efforts to reach a settlement before the current contract expires on Thursday.

Postal workers are prevented from striking by law but have been protesting since a feature of previous years' talks reached deadlock. The current negotiations are particularly sensitive for the Administration, which wants a settlement to yield no more than the 5.5 per cent increases in the first year of the contract to which federal employees will be limited.

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Lykes-LTV merger delay; Sharp gain by General Motors in Brazil; Union Camp near peak levels—Page 29

## WORLD TRADE NEWS

Improvement in British  
exports to W. Germany

BY GUY HAWTIN

FRANKFURT, July 17.

BRITAIN'S TRADE with West Germany took a major turn for the better in May. Exports to the Federal Republic grew at a rate sufficient to boost the flagging performance recorded during the first four months of the year. Figures, abstracted by British Embassy commercial staff from official Federal Government returns, show the UK's shipments to West Germany expanded by an overall 19.7 per cent during the first five months of the year compared with the performance during the same period of 1977.

This must have considerably improved the spur of British trade officials who have seen the UK's trade growth decline from 1977's average of more than 20 per cent. British shipments to West Germany during the first four months of the year, however, were only 16 per cent higher than in the same period of 1977. The Federal Republic's total exports to Britain in May were £1,080m (£511.6m). This gave Britain a 5.4 per cent share of the West German imports market which was a considerable improvement on the 4.8 per cent share recorded during the opening five months of the year.

The UK's total exports to West Germany in the January to April period amounted to £2,300m (£1,150m) compared with £2,100m (£1,050m) in the comparable period of 1977. Encouragingly for British trade officials who are, naturally, seeking fast growth in this area, the UK share of the imports market in this sector rose from 3.4 per cent to 3.7 per cent during the same period.

While Britain's trade growth with West Germany is far outstripping the average 3.01 per cent increase in overall imports and the 5.6 per cent increase in the UK's non-oil imports, the Federal Republic's sales in the UK are also showing above average expansion rates. In December, British imports rose by 2.2 per cent in the first five months of the year, while the West German export total went up 18.5 per cent—a mere 0.1 per cent below the increase in UK imports into the Federal Republic.

The figures for the opening four months, on the other hand, showed a total export growth rate of 16 per cent, while the non-oil exports went up at the rate of 15.8 per cent. This appears to have been mainly the result of a slow-down in the expansion of oil shipments, coupled with a 15.1 per cent drop in the deliveries of industrial semi-manufactures.

Increased imports of textiles and clothing are expected to fall later this year after the £34m balance of trade deficit in the first quarter. The Textile Statistics Bureau said yesterday:

The £35m rise in the deficit compared with the same period last year came after a steady rise in surpluses in the nine months to December when the quarterly surplus stood at £15.3m.

This had now been wiped out by a sharp rise of 17 per cent in textile imports. Imports of clothing also rose, by 7 per cent by value compared with the first quarter last year, but exports of clothing rose 21 per cent, compared with the 4 per cent fall in exports of British textiles.

A total of 80 per cent of the increased imports of textiles and clothing were accounted for by man-made staples, wool tops, cotton and man-made fibre fabrics and carpets.

The rise in imports may have been caused by foreign exporters increasing shipments to beat the new quotas imposed after the Multi Fibres Agreement, the bureau said yesterday. There have also been a temporary bunching of imports at the start of the quota year.

The fall in the value of sterling in the past three months would also have a positive impact on the trade figures. This would contribute to an overall reduction in imports by the end of the year.

Retail sales of textile products were fairly buoyant during the first quarter, but part of this activity was attributed to a significant increase in pipeline stocks. The seasonally adjusted index of textile production in Britain was 2 per cent down on the preceding quarter and 6 per cent down compared with the first quarter last year.

In the cotton and allied sector, activity remained depressed in the first three months of the year. The main problem area was spinning, and altogether there were 3,900 fewer jobs in March compared with a year earlier. New jobs were lost between December and March.

Quarterly Statistical Review, Summer 1978. The Textile Statistics Bureau, 13.

9% rise in  
air traffic  
predicted

By Michael Donnan,  
Aerospace Correspondent

WORLD SCHEDULED air passenger traffic is expected to rise by an average of 8.7 per cent a year between now and 1983. This will raise the number of passenger-kilometres flown on international routes from the 1978 level of 307.7bn to 480.4bn in 1983, according to the latest estimates prepared by the International Air Transport Association, which represents most of the Western world's airlines.

The growth rate is a little lower than that experienced in the past six years, but it will still give the world's airlines, and the governments and agencies controlling them, some major problems in trying to handle the large numbers of passengers.

For some regions of the world, the growth rates will be even higher. Between Europe and the Middle East, it is expected to average 14.8 per cent.

Airbus for  
Pakistan

By David Curry  
PARIS, July 17.  
THE Pakistan International Airlines has joined the list of airlines to order the European Airbus A300.

PIA, with an important domestic network and growing international business, particularly with the Middle East, has ordered four of the longer range versions of the A300 capable of distances of up to 3,100 nautical miles and has taken options for a further six.

The aircraft will replace the four part Boeing 707s. It is understood that the choice of the new aircraft narrowed down essentially to the Airbus or adding to the fleet of Boeing 747s.

Asian airlines operating or intending to operate the Airbus, include the national carriers of India, Korea, Thailand, while Iran is also a customer.

## Textile imports may decrease

BY LYNTON MCLEIN

UK IMPORTS of textiles and clothing are expected to fall later this year after the £34m balance of trade deficit in the first quarter. The Textile Statistics Bureau said yesterday:

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Quarterly Statistical Review, Summer 1978. The Textile Statistics Bureau, 13.

Japanese plan for 1984  
technology exposition

BY CHARLES SMITH

TOKYO, July 17.

JAPAN'S Science and Technology Agency has decided to try to organise a technology expo in Tsukuba City in 1984. The agency official says the expo will be about half the size of the 1970 Expo in Osaka. Construction costs would come to ¥560m (about £215m) and operating costs to ¥560m.

The expo would fit into the international expo programme which calls for the staging of specialised expositions at the rate of one every two years. It would be next in line after an expo which the U.S. is planning to stage in 1982. The Science and Technology Agency says. So far, however, no approach has been made to the Bureau of International Expositions which has overall responsibility for co-ordinating expos.

The Science and Technology Agency also admits that the plan has to be cleared with the rest of the government before it can go ahead. "As of now it is our project not the government as a whole," a spokesman said. Clearing the scheme with the rest of the government could prove complicated since the Science and Technology Agency is not the only government department which is concerned with technology. The powerful Ministry of International Trade and Industry is also concerned through its agency for Industrial Science and Technology.

Tsukuba, some 60 kilometres north-east of Tokyo, has become known as a centre for scientific research following the transfer to the city of the former Kyoto Daigaku (education university) from Kyoto to Tokyo. More than 20 specialised research agencies are now located in Tsukuba, and the number is increasing. Discussions on the expo project have been held with the Tsukuba City government and with the prefectural government of Ibaraki.

## Snamprogetti Libya deal

Also on a turn-key basis, the deal is worth about \$82m and calls for the construction and installation of the complete works. The job will be completed in 23 months employing over 80 people, of which about 200 will be Italian.

Equipment to be used by Snamprogetti for the offshore section will include the work deck barge Castor 4 and a self-elevating platform recently acquired by Saipem. The value of the equipment involved in this project exceeds \$14m.

This is the third recent Saipem contract, following one in Saudi Arabia for a 650-km oil pipeline and another in Iran for a large section of the I.G.T.2 gasline. The construction of a marine terminal and associated onshore facilities in Ruwais.

Based on a process developed by Haldor Topsoe (a Snamprogetti associated company), the contract will employ the latest ammonia technology.

The contract, worth some \$150m, is on a turn-key basis and mechanical completion is scheduled within 32 months.

Meanwhile, Saipem, also of the ENI group, has been awarded a contract by the Abu Dhabi National Oil Company for the construction of a marine terminal and associated onshore facilities in Ruwais.

## COMECON TRADE

POLAND in talks with Soviet Union

BY CHRISTOPHER BOBINSKI IN WARSAW

FUTURE MUTUAL supplies of raw materials, trade exchanges and co-operation projects, including the problems of making inter-Comecon trade more efficient, were the subjects discussed at last week's five-day session of the 30th Polish-Soviet Trade Commission.

The meeting discussed the key question of next year's raw materials exchange as well as future Polish participation in the construction of power stations and other projects in the Soviet Union.

The fact that the session was held earlier than usual shows that the plan for 1979 is to be prepared earlier in the year than has become the custom.

Moreover, the senior rank of the respective delegation leaders, Comecon's recently announced nuclear programme which foresees the construction of power stations with an overall capacity of 47m KW in Eastern Europe and China and two plants in the USSR, will reach 32bn Soviet rubles in the years 1976-80 compared to 13.5bn in the previous five-year period.

A total of 24 per cent of the mutual trade in this five-year period arises out of specialisation and co-operation agreements, and this figure will increase after 1980.

Co-operation in the production of Poland of offshore oil prospecting and extraction rigs and the production of equipment for automatic power stations have emerged as priority areas in future Polish-Soviet trade.

Atomic energy equipment will on the other hand contribute to the respective delegation leaders. Comecon's recently announced nuclear programme which foresees the construction of power stations with an overall capacity of 47m KW in Eastern Europe and China and two plants in the USSR, will reach 32bn Soviet rubles in the years 1976-80 compared to 13.5bn in the previous five-year period.

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## HOME NEWS

## Trucks chief resigns from Leyland

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

R. DES PITCHER, the managing director of Leyland Vehicles, resigned from the company yesterday after only 18 months in the job.

His departure follows a period of speculation about changes at the company—the truck and bus manufacturing subsidiary of BL (formerly British Leyland)—which became clear that Mr. Michael Edwards, the group chairman, was taking an increasingly close interest in its affairs.

Mr. Edwards made it clear at L's recent annual meeting that he was not satisfied by the productivity record of Leyland vehicles, and that he was concerned about its loss of market share in the last few years.

The statement from BL yesterday said simply that Mr. Edwards, who was recruited from Ford, had expressed the view that he was not convinced that Leyland was doing as well as it should be.

Mr. Edwards' departure is expected to be followed by the appointment of another recruit from outside the company as managing director.

There were suggestions last week that Mr. Edwards had been asked to resign by the company's board, but in the meantime, Jack Smart, deputy managing director, will direct the company, reporting to Mr. Edwards.

## Joint monopolies prices body urged

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

MR. CHARLES WILLIAMS, Director General of Fair Trading, yesterday backed the idea of merging his organisation with the Monopolies and Mergers Commission, provided that the former's powers were retained.

In a speech that was unusually outspoken for the head of a government body, Mr. Williams suggested changes not only to the part of competition as policy which he administers, but also to that administered by the Office of Fair Trading.

The present method of making external references to the Price Commission and the Monopolies Commission was not entirely satisfactory, he said.

He also criticised the National Economic Development Office's implication, for failing to face enough weight on the consumer interest, in considering the whole question of competition policy.

The Government's committee on competition policy recently recommended that the two commissions should be merged as part of a general tightening of the rules governing competition.

Earlier this month NEDO published a report endorsing the proposed merger of the commissions, but opposing any major tightening of the rules.

Speaking in Oxford yesterday, Mr. Williams said that he had always supported the idea of the two commissions being brought together, provided that the Price Commission's powers, and in particular its ability to take external references to the Price Commission, were preserved.

Ideally, the Price Commission would be given new powers to make sectoral references as is now done by only the Department of Prices.

Royal Doulton Tableware was yesterday allowed an interim price increase of 7.3 per cent while its original notification of 9.3 per cent is being investigated by the Price Commission.

## Economic recovery 'could be reversed'

BY MICHAEL BLANDEN

THE UK ECONOMY has continued to recover quite sharply, but could go into reverse next year, according to the latest official indicators published yesterday.

The two short-term pointers to movements in the economy published by the Central Statistical Office—the indices of shorter-coding and coincident indicators—showed a further increase in July.

However, the index of longer-coding indicators, which have an average lead of 12 months at turning points in the economy, was shown to fall further.

The indices bring together a number of statistical pointers to the performance of the economy, and both the shorter figures have been rising for the past seven months.

The index of coincident indicators rose in May mainly as a result of an increase in retail sales, while the latest figures for some other components, the index of manufacturing production and the measures of gross domestic product, have not altered the direction of movement. This index now stands at 7.2 per cent above last October's level.

Similarly, the composite index of shorter leading indicators, which have an average lead time of about six months, increased after a rise in the amount of new hire purchase credit, extended which offset the fall in new car registrations. This index has risen by 8.9 per cent since October.

However, the longer leading indicators index, which has now been taken up to June, showed a further decline.

This was due to a slight decrease in the FT-Actuaries 500 index, and to a further rise in short-term interest rates (used in inverted form when compiling the index).

This index is now more than 11 points, or nearly 10 per cent, below the level of last October.

The Abbey, which yesterday published its half-yearly figures, said the latest increase in building society interest rates would improve the inflow of funds into the movement. In June, they fell to their lowest point for 18 months.

Mr. Tim Timberlake, chief general manager said his society also had a "very healthy cushion of liquidity".

He expected the Abbey to have advanced about £1.4bn to home owners during 1978 against £1.1bn in the previous 12 months.

Mr. Timberlake said a policy of building up liquidity when the net inflow of funds was high had been "amply justified".

Some liquidity, he said, had been used to keep up the level of mortgage lending but even if net inflow remained low it would still be possible to keep the housing market moving "for several months to come".

It is clear, however, that the Abbey is more cautious than many other societies in taking a view on the short- to medium-term prospects.

Mr. Timberlake does not apparently subscribe to the view that there is much room for improving current lending levels, although it does believe that advances for 1978 as a whole will be up on last year's £1.4bn to reach around £3bn. Original lending targets suggested 1978 mortgage advances of about £2.6bn.

Abbey results, Page 24

## New chief for Sinclair Radionics

BY JOHN LLOYD

SERIOUS POLICY disagreements in Sinclair Radionics, the Cambridge-based electronics company in which the National Enterprise Board has a 73 per cent share, has led to the appointment of a new managing director.

Mr. Michael Pye, who was technical director of Sinclair from 1975 to 1976, will succeed Mr. Norman Hewett, the former managing director, tomorrow.

Mr. Pye, 34, has worked for Texas Instruments and Gillette in the U.S.

Mr. Hewett, who was appointed only a year ago from the General Electric Company's heavy cables division, said yesterday that he had found serving three masters—Mr. Clive Sinclair, founder of the company and its chairman, the National Enterprise Board, and the Sinclair Board—to be an impossible task.

There had been disagreements on policy which had resulted in his decision to resign.

Mr. Pye said that he would make changes in the management style of the company. He would like to develop a personal approach to management. I don't think I should be concerned simply with the financial, or the design, or the marketing side. I expect to know what is going on in every department.

He was keen to develop new lines but would concentrate initially on marketing the miniature television, the most recent and most successful Sinclair product.

## U.S. move may pose threat to UK 'superchip'

BY JOHN LLOYD

DEVELOPMENTS in the U.S. electronics industry may threaten National Enterprise Board plans to invest £50m in the production of the latest design of micro-electronic memory.

The board's plans, which will be announced in the next few weeks, are expected to involve production of a "superchip" known as the 64K RAM, which would be the most advanced micro-circuit memory in the world.

It is thought that it would supersede the present 16K RAM, which is now beginning production in 16 U.S. electronic companies.

The strategy would be to begin mass production of the 64K RAM before any other major manufacturer, and thus gain the volume markets in Europe and in the U.S. which would be needed to make the venture profitable.

However, according to a report in the latest issue of the authoritative Morgan Stanley Electronics newsletter, two separate developments may mean that the UK's lead in the new technology will face serious challenges.

The Japanese company of Fujitsu has announced to its customers that it will have a version of the 64K RAM in production by September, while several U.S. companies have made it clear to their clients that they will have samples of the "superchip" available by the end of the year, with production beginning in mid-1979.

The second development is that a number of U.S. semiconductor companies are working on a new approach to the 16K chip in which a number of the advantages will be applied to the 16K.

The two major advantages of the 64K chip are that it will work from a single power supply (as against three in the present 16K) and that it will have a very small cell size. The objective which the U.S. companies have set themselves is a 16K chip with one five-volt power supply and a "shrink" cell.

These advanced miniature computers—the "K" refers to "kilobytes," or thousands of units of electronic information which they can contain—are now finding more and more uses both in defence and computers and in consumer products, including cars. The U.K. Government has become convinced in recent months that the U.K. must have a domestic manufacturing capability if British industry is not to lag badly behind its competitors.

## BP link with Plenty Group

BRITISH PETROLEUM and the Plenty Group have formed a joint venture to market water injection systems for improved oil recovery from onshore and offshore fields.

The company will be based at Newbury, Berkshire, and will begin operations later this year.

The joint venture claims to be the first British company offering the oil industry a complete systems approach to water injection including consultancy, project management and equipment supply.

## BSC bid to sell platform division

BY JOHN LLOYD

TALKS AIMED at separating the loss-making Redpath Dorman Long division of the British Steel Corporation from its parent body are going on between BSC and the National Enterprise Board.

It is understood that the talks include the possibility of allowing the private sector to take a share in RDL.

Although the division made a loss of £5.3m over the past year, its interests in offshore oil platform construction are likely to make it attractive to the market.

Mr. Norman Lamont, a Conservative Shadow spokesman on industry, yesterday welcomed the possibility of private capital taking a share in RDL.

"If the National Enterprise Board is able to move parts of the division into the private sector on the British Petroleum model, then we would welcome this very much indeed."

RDL operates a platform-building company with the Dutch company De Groot named Redpath/De Groot Caledonian, in which it has a 48 per cent share.

De Groot acquired a 48 per cent share in the company for £2.7m earlier in the year. The division also has an offshore design company in which French and U.S. interests are involved.

RDL's losses stem partly from the severe cuts in British Steel's capital spending programme, since a significant part of its operations depend on building new steelworks.

The construction side of the company has also suffered from the continued depression in the construction market.

## OBITUARY

## Robert Collin

ROBERT COLLIN, Assistant Editor and chief leader-writer of the Financial Times, died suddenly at the weekend at the age of 50.

Bob, as he was called by all of us, joined the newspaper 25 years ago, one of the generation of brilliant young men whom Gordon Newton recruited during his editorship. He was thus deeply involved in the successful development of the newspaper over the whole of that period.

His own contribution was immense. He came to journalism after an outstanding academic career at King's College, Cambridge, with a double First in Classics.

Throughout his life he remained an academic in the best sense of the word, with an ever-questioning mind and rigorous intellectual honesty. Very widely read, keenly interested in music, he was always trying to broaden the range of his knowledge. He learned German so as to be able to read Goethe in the original, and last year started to learn Chinese.

When his name had first been put forward as a candidate for the job on the newspaper, Bob wrote "that the prospect of working with the Financial Times attracts me enormously." Within a very short time, he taught himself economics and the very essence of the art—for that is what he children.

However great the loss to the newspaper, the personal loss to his friends and colleagues is immeasurably greater. Every one at one time or another turned to him as friend and counsellor. Everyone knew that he could always rely on his patience and a deep-rooted kindness. He was the most loyal of colleagues, the most sympathetic of friends, the most discreet of confidants. To say that we shall miss him is literally true: it cannot possibly convey the sense of loss caused by his death.

He leaves a widow and four of the art—for that is what he children.

M.H.F.

## Ekofisk pipe back in action

THE 220-MILE oil pipeline from the North Sea Ekofisk Field to Teesside has been re-started following a six-week shutdown for repairs.

A 150-foot section of the pipeline, located about four miles from the coast, has been replaced. The pipeline was damaged last summer by a ship's anchor.

Norpipe, the operator of the pipeline, said yesterday that the temporary closure of the pipeline did not seriously delay production as the oil was loaded into tankers at the field.

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51	1200	2400	2400	4800	3600	7200
52	1150	2350	2300	4700	3450	7050
53	1075	2275	2150	4550	3225	6825
54	1000	2200	2000	4400	3000	6600
55	925	2125	1850	4250	2775	6375
56	850	2050	1700	4100	2550	6150
57	800	2000	1600	4000	2400	6000
58	760	1960	1520	3920	2280	5880
59	720	1920	1440	3840	2160	5760
60	680	1880	1360	3760	2040	5640
61	640	1840	1280	3680	1920	5520
62	600	1800	1200	3600	1800	5400
63	560	1760	1120	3520	1680	5280
64	530	1730	1080	3480	1590	5190
65	500	1700	1000	3400	1500	5100
66	475	1675	950	3350	1425	5025
67	450	1650	900	3300	1350	4950
68	425	1625	850	3250	1275	4875
69	400	1600	800	3200	1200	4800
70	375	1575	750	3150	1125	4725
71	350	1550	700	3100	1050	4650
72	325	1525	650	3050	975	4575
73	300	1500	600	3000	900	4500
74	280	1480	560	2960	840	4440
75	260	1460	520	2920	780	4380
76	240	1440	480	2880	720	4320

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Date Signature DIRECT DEBITING MANDATE To: The Manager Bank Limited

full postal address I/We authorise you until further notice in writing, to charge to my/our account with you, on or immediately after the 2nd day of every month at the instance of LIFE ASSURANCE SERVICES the sum of £3.95/£7.45/£10.95 by direct debit. (Delete sums not applicable) "On and after 6th April 1979, these payments should be made net of any appropriate U.K. tax relief/credit in respect of life assurance premiums current on the date(s) of payment specified in this mandate."

Date of first payment on or within one calendar month from 2nd September 1978. Name of Account to be debited Bank account Number

Date Signature Instructions cannot be accepted to charge direct debits to a Deposit or Savings Account. After signature please return the form to: LIFE ASSURANCE SERVICES, FREPOST 1, 44 BAKER ST. LONDON, W1E 2EZ

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## HOME NEWS

# Orders for Drax B will total £275m

BY JOHN LLOYD

ORDERS TOTALLING about £275m will be placed in the next few months by the Central Electricity Generating Board for the major part of the Drax B coal-fired power station, due to be completed in 1986.

The placing of the orders is slightly behind schedule, as the electricity Board had expected to announce them by the end of this month. The Board said that this would not mean a delay in the commissioning of the station.

The largest will be the boiler contracts, worth around £150m, which will be let to Babcock and Wilcox. However, there is some uncertainty about a substantial part of that contract, worth around £13m, for the provision of flues and ducts for the boilers.

The sub-contract was to have gone to Clarke Chapman, which last week announced its withdrawal from talks to merge its power-plant market with that of Babcock in Renfrew.

Clarke Chapman is a subsidiary of Northern Engineering Industries, together with C. A. Parsons, part of the Reynolds Parsons group.

Mr. Tom Carille, deputy chairman of Babcock and Wilcox, said yesterday that the company was talking to a number of manufacturers, including Clarke Chapman, about the sub-contract.

"The work is the type which could be done by any one of half a dozen manufacturers. We are at the stage of horse trading with a number of manufacturers on price, and there might be a change of plan at the conclusion of these talks. In the end, the customer (the Electricity Board) will decide."

Northern Engineering was formed last November by Clarke Chapman and Parsons to broaden their base and quieten fears that they were individually insufficiently strong to weather the inevitable adversities in the power-plant market.

Although Parsons had firmly

refused to merge its turbine generator interests with those of the General Electric Company a year ago, it was made clear that talks on a possible merger on the boiler-making side between Clarke Chapman and Babcock would continue.

These talks foundered last week on pessimistic assumptions by the boiler-making companies on future orders from the electricity board and fears that in such a situation, Babcock—as the dominant force in any future merger—would transfer much or all of the available work to its Renfrew base, thus closing down Clarke Chapman.

If Babcock now does not give the Drax B contract to Clarke Chapman, it may find itself in a difficult position. It presently has work for only one more year, mainly on the Littlebrook power station.

Clarke Chapman said yesterday that it expected that it would receive the order.



Police and armed soldiers at London's Heathrow Airport yesterday as part of the strict security operations for the arrival of the Egyptian and Israeli Foreign Ministers for the talks at Leeds Castle, near Maidstone, Kent.

## Castle in a lake is a modern bodyguard's dream

BY MAURICE SAMUELSON

THICK stone walls, a natural moat and only one way in and out make Leeds Castle, Kent, a modern bodyguard's dream. A 20-acre lake surrounded by fields and woodland is much trickier terrain for a modern hit-and-run terrorist than the street outside London's Churchill Hotel, where the Middle East peace talks were to have taken place.

The change of venue was at the behest of the British who told the Americans, convenors of the conference, about their fears of an assault in London by hard-line Arab opponents of the Egyptian-Israeli talks.

The Americans put it to the Egyptians and the Israelis who agreed with little hesitation.

It is only the second top-level international gathering at Leeds Castle in modern times. The first was last summer's conference of European Foreign Ministers. As on that occasion, the setting will lend grandeur as well as security to the encounter.

Delegates will look out across tufted dunes, Canada geese and black swans to the 45 acres of peaceful parkland.

The castle, one of the most beautiful in the world, stands on two islands in the middle of a 20-acre lake. It has 20 bedrooms with four-poster beds and has Impressionist paintings.

But its security depends not only on its location and the six-foot thick battlements. As the participants arrived there, by helicopter yesterday, armed police manned gates and roads in the surrounding countryside. Every gate at the castle and grounds usually thronged with tourists in July, was manned by at least two policemen, one armed, and with vans or Land-Rovers.

More police with Alsatians group.

## Record retailer looking for buyer

BY PAUL TAYLOR

HARLEQUIN, the record retailer, may be forced out of business by the boom in illegal home cassette recording and the high street record discount war.

Mr. Laurie Krieger, Harlequin managing director, said last night that he was "depressed" by the failure of the record companies to get to grips with the blank tape problem.

He said: "If someone comes up with a good offer for Harlequin I think I will accept it."

In the past 18 months Harlequin has closed 15 shops and now has 55 retail outlets in London and the South East because of a turnover between £5m and £6m a year.

### Squeezed

Mr. Krieger said profit margins in the last two years had been squeezed falling from £400,000 to £150,000 last year with worse results expected this year.

The main cause for Harlequin's worsening financial position, said Mr. Krieger, was the blank tape boom. Last year more than 50m blank cassettes were bought and estimates of the lost revenue to the music industry range from £50m a year upwards.

Heavy discounting by multiples such as Woolworths, Sainsbury and Boots knocking up to £1 off the top selling albums, have forced the specialist shops like Harlequin to follow suit.

However, specialist shops carry heavy catalogues of back material and do not have sufficient sales to make discounting viable.

Coupled with the effects of recession and substantial increases in shop rents Mr. Krieger was also chairman of the Gramophone Record Retailers' Committee, believes the days of the specialist record stores in prime site locations could be numbered.

## Welsh plan to spend £8.2m on reclamation

By Robin Reeves, Welsh Correspondent

THE WELSH Development Agency is to spend a further £8.2m on 71 new land reclamation projects as part of its three-year programme of schemes costing £15m, launched in April last year.

The project will result in nearly 1,350 acres of land becoming available for factories, housing, schools, recreation, land improvements, and public open space.

The largest share of the money—£2.1m—will go to Mid-Glamorgan, which has the greatest concentration of industrial derelicts of any county in the UK.

Since the Government financed reclamation of derelict land first started in 1967, following the Aberfan disaster, a total of more than 10,000 acres in Wales have been cleared and restored to new use.

Meanwhile in Mid-Wales, the Development Board for Rural Wales, has succeeded in attracting two more companies to set up businesses in Newtown Powys.

A and E Circuits, part of Edinburgh Industrial Holdings Group, is to move its electronic components production from Harrow in North London to a 20,000 sq ft factory in Newtown. It eventually expects to employ 80 people as output builds up.

Elkay Electrical Manufacturing, an electrical components manufacturer and distributor, is also to transfer from South East London to a 20,000 sq ft factory.

Initially, Elkay will employ about 60 people but the company has long-term expansion plans for producing printed circuits and injection mouldings.

## Action urged to halt rural depopulation

THE GOVERNMENT should give the same priority to tackling rural depopulation as to the problems of inner city areas, Sir Duncan Lock, chairman of the Association of District Councils, said yesterday.

Local councils "look enviously" at the emphasis given to inner city areas, whereas rural depopulation was simply the reverse side of the same problem.

Sir Duncan was outlining issues to be raised at tomorrow's council meeting of the association, which represents 333 local authorities in England and Wales.

The association has been invited to put recommendations to the Countryside Review Committee, set up to deal with rural depopulation, and which is expected to report to the Government by the end of the year.

## £300m benefits 'not claimed'

BY PAUL TAYLOR

ABOUT 1m people in Britain are failing to claim the supplementary benefits they are entitled to, and together they are losing up to £300m a year.

A study published today by the Supplementary Benefits Commission shows that the "take-up" rate for benefits is about 75 per cent.

The commission is to launch a campaign aimed at increasing the take-up rate to 90 per cent and so put £200m a year into the pockets of about 600,000 people.

While some of the figures to emerge from the study, particularly those on one-parent families, are causing the commission concern, the results of the survey suggest the overall problem is less serious than was thought.

The study reaches three main conclusions:—

- The real amount of unclaimed benefit in 1975 was nearer £300m than the £600m suggested by the commission because of the figure is now probably closer to £300m.
- There are about 800,000 people failing to claim benefits to which they are entitled.
- Of those not claiming their benefit entitlement £250,000 either have an entitlement under £1 a week (mostly pensioners) or one which has lapsed less than a month.

About 600,000 pensioners and 130,000 unemployed people account for most of the unclaimed benefit.

The remainder are 40,000 one-parent families—11 per cent of the total number of one-parent families entitled to benefit—and the average amount of benefit they lost was £13.20 a week.

The study suggests as many as half those not claiming benefits live in households where incomes are below £10 a week.

Mr. David Donnison, chairman of the commission, said the campaign to reach those entitled to benefits who are not claiming should concentrate on those with families, followed by pensioners. The commission had ruled out a television advertising campaign because this brought too many abortive claims, instead it will launch a campaign next year based on simplified leaflets, forms and letters and is considering direct-mailings to those who already receive child benefit, pensioners or who have registered as unemployed.

Mr. Donnison also said he would like to see local authorities advise those receiving rent and rate rebate to switch to supplementary benefit if this would make them better off. He suggested this could apply to about 370,000 people at the moment.

Take Up of Supplementary Benefits, HMSO Supplementary Benefits Administration Paper No. 7, price 85p.

ESTIMATES OF TAKE-UP OF SUPPLEMENTARY BENEFIT, 1975				
Group	Total likely to be entitled	Proportion receiving benefit	No. eligible receiving benefit	Estimated unclaimed £m
Pensioners	2,290,000	74	600,000	65
Non-pensioners: total	1,340,000	75	330,000	175
Sick	260,000	87	130,000	60
Unemployed	590,000	70	130,000	60
One-parent families	310,000	29	40,000	25
Others	180,000	26	130,000	80
Total for all groups	2,630,000	74	930,000	240

## Sometimes necessary to pay for help-Park

MR. ALEX PARK, former British Leyland chief executive, conceded at the Old Bailey yesterday that it was sometimes necessary to pay for help in getting business.

Mr. Park, giving evidence in the "Ryder Letter" trial, also agreed that a person might wish to be paid through a Swiss bank account.

Graham Barton, 34, and his Turkish-born wife, Fatma, 32, of Littlecroft Gardens, Hounslow, Middlesex, were then denied five charges relating to the alleged forging of copies of two letters, including one purporting to be from Lord Ryder, former chairman of the National Enterprise Board, and using the forgeries to sell their story to the Daily Mail for £15,000.

Mr. Park was being cross-examined by Mr. William Howard, QC, defending Mr. Barton, a former financial executive with British Leyland.

At one point Judge Alan King-Hamilton, QC, intervened to ask Mr. Howard whether it mattered to the trial whether or not British Leyland had engaged in bribery.

Mr. Howard replied that he was most anxious that he should not injure British Leyland or embarrass anyone. "But the whole of my defence turns upon the honesty or my client when he produced those reports, whether he thought the letters might be true."

Mr. Park denied that British Leyland had made cash payments "by suitcase" to representatives of foreign countries. The phrase "by suitcase" implied that payments had been made in hard cash. "Virtually all payments are made by cheque or banker's draft."

Mr. Park agreed that there were examples in Mr. Barton's reports of people being paid so that contracts could be obtained.

## Stonefield Vehicles given £2m injection

BY PETER CARTWRIGHT

AN ADDITIONAL £2m is to be injected into Stonefield Vehicles, the newly-established manufacturer of four-wheel drive vehicles, by the Scottish Development Agency.

The investment will bring the Board's stake in the Cummock, Ayrshire, company to £3m. It now has 75 per cent of the equity, the remainder being held by the McKelvie family trust inherited from the late Mr. Jim McKelvie, who was the originator of the project.

The extra support was recommended by Mr. John Barber, former British Leyland managing director, who was asked to study the market possibilities. The management team has also been strengthened by the appointment of Mr. Bernard Jackman, former Rover managing director, as chairman.

Production of the Stonefield, a vehicle designed for rugged use, has started at two a week. The aim is an eventual output of 50 a week, when the company East.

The Defence Department is also interested in the lower off-highway military and civilian horsepower model powered by a 3-litre Ford, particularly for the aim is an eventual output of 50 a week, when the company East.

The Government is planning to tighten regulations on the way as the price for a full gallon of petrol. It also looks for the practice of displaying decimal Consumer Protection points of a penny in much smaller end misleading practices, such as type than the whole pence. This failure to advertise the fact that can give the impression that discounts are given on whole petrol is being sold at almost a gallon of petrol only and not on penny cheaper than it really is.

Although the Prices Department is going to consult interested parties on the new regulations, it is expected that they will be introduced without any major objections sometime in the autumn.

## Gateway drops trading stamps

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

GATEWAY FOODMARKETS, the country supermarket chain, is to drop trading stamps and lower prices with the money saved. Gateway, which was taken over by Linfords last year, was one of the retail chains which took on extra Green Shield franchises after Tesco dropped these stamps last summer.

But the company has now decided that "nobody is interested in stamps any more" and that lower prices are a more effective way of building sales. It estimates that stamps are costing about 3 per cent of turnover. Price cuts will be mainly on packaged goods.

At present Gateway gives stamps in 70 of its 93 branches, plans to increase this number to 200 by the end of the year. Most of these franchises are Green Shield, but in six stores the company gives Pink Stamps, national branches giving stamps.

## Call to improve existing homes

By Michael Cassell, Building Correspondent

A NEW approach to home improvement policy in the UK was called for yesterday by the National Home Improvement Council.

Mr. Ernest Cantle, deputy director, told a meeting of MPs at the Commons, organised by Shelter, that a dynamic policy was required to improve the quality of existing housing.

"Realism rather than idealism must be the cornerstone of future homes policy. The realism is that, in spite of the effort being made, continuing deterioration of housing stock is gaining on the programme of improvements."

Housing policy should ensure the right of every individual to live in and should maintain conditions throughout the total housing stock. The council was not convinced that either of these objectives would be achieved in the near future.

### Small builders

The council wants to see more imaginative use of grant aid, which must constitute a more realistic element in the total cost of improvement. Local authorities and building societies should be given an incentive to provide the balance of any necessary loan for improvement, possibly in the form of a loan guarantee.

Small builders should be encouraged to take on improvement work by arranging the direct payment of grants and by a simplification of grant paperwork. Re-rating of improved property should be deferred for five years so that grant incentive was not cancelled by bigger rate bills.

Mr. Cantle added: "We are urging the Government to produce a total housing policy based on maintaining the best part of our existing housing stock. Time should be given in the next Parliamentary session to develop a home improvement policy with a new approach—a new dynamism."

## New plan for running some GLC estates

THE Greater London Council is to consider the possibility of setting up independent authorities to run its housing estates in those London boroughs which refuse to accept transfer of council homes.

Mr. George Tremlett, leader of the council's housing policy committee, is to call for a report from officers on the possibility of seeking powers for what would be a unique scheme in housing administration.

Mr. Tremlett said: "Local landlords for local tenants makes sense. This is why the GLC is determined to get out of the housing management business and instead use its housing muscle and money to give help where it is most needed—in inner London."

## Intex to spend £3.5m and cut 250 jobs

By Rhys David

INTEX YARNS, the biggest UK producer of textured polyester and nylon yarns, is to spend about £3.5m to modernise two plants in Greater Manchester but will reduce its total labour force by 250.

The company, part of ICI, is planning to concentrate manufacturing at its Radcliffe site in Bury, where new equipment will include 10 high-speed texturing machines designed and built by Ernest Scraggs.

Employment at Radcliffe will remain much the same, about 660, after the new equipment comes into use next spring. The job losses will be at Golborne, near Wigan, where around 840 people are now employed.

Intex, which supplies around 70 per cent of the dyed textured yarn used in the UK textile industry, will phase out older machinery at Golborne in the second half of 1979.

## Curb likely on sale of stand-by tickets

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE British Airports Authority may be forced soon to make airlines offering cheap stand-by tickets to the U.S. to sell them only from town ticket offices, so as to ease congestion in terminal three, Heathrow.

Some of the airlines have resisted an earlier warning by the authority that unless they stopped sales at the airport and sold these tickets only at their town

## Air dispute eases but many flights delayed

DELAYS AT UK airports, stemming from industrial disputes affecting air traffic control services on some parts of the Continent, began to ease yesterday, but many passengers were still waiting for their flights several hours after scheduled departure times.

The dispute which caused most of the problem over the weekend stemmed from traffic controllers at Bordeaux refusing to accept more than four flights an hour from UK airspace.

This compelled UK air traffic control services, run by the Civil Aviation Authority, to restrict the rate at which aircraft could leave many UK airports if bound for southern Spain or the western Mediterranean and requiring passage through Bordeaux air space control.

## Page from emperor's book makes £32,000

A PAGE from the Emperor Akbar's copy of the Hamzanama, depicting Hamza with a Byzantine princess, was sold for £32,000 at Sotheby's yesterday. This was an auction record for any Indian painting, beating a previous best of £30,000 set in 1973. A 10 per cent buyers' premium must be added to the price.

Another page from the same book, produced in about 1570, was sold for £28,000. Top price was paid by the Felton Bequest Trust and the picture will go to Melbourne museum, Australia. The second page went to Colnaghi. The sale of Oriental manuscripts and miniatures produced £110,851.

The glass auction at Sotheby's produced £35,679. A Royal Potsdam goblet and cover with a portrait of Frederick I. made in about 1710, was sold for £3,000, and a slightly later

goblet from Potsdam/Zeehlin realised £2,400.

A pair of book covers, each painted with a seated Qajar ruler at court realised £700 yesterday in a sale devoted to Persian and Islamic works of art at Christie's.

**SALEROM**  
BY ANTHONY THORNCROFT

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## PARLIAMENT AND POLITICS

## Rees hits at Tories over police pay

BY PHILIP RAWSTORNE

MR. MERLYN REES, Home Secretary, yesterday accused the Conservatives of "prostituting" concern over law and order in a bid to win votes.

His bitter outburst came after he had announced to the Commons the Government's decision to implement the £250m pay award for the police in two stages.

Mr. William Whitelaw, Tory spokesman, while welcoming the award, declared amid Labour jeers: "In deciding to phase the award, the Government is taking a major risk over the protection of our people."

If a Conservative Government were returned at the general election, it would pay the increase in full, immediately, he said.

Mr. Rees retorted that the pay increase would be an average of 40 per cent—and half of it would be paid on September 1. "This is a remarkable pay award," he said to shouts of support from Labour MPs.

Police throughout the country had welcomed it, said Mr. Rees.

But they did not take kindly to Tory comparisons of the streets of Britain to those of Chicago. "It is not true."

Mr. Bob Mellish (Lab. Bermondsey) said that the increase would be the most generous ever awarded to the police. Mr. Whitelaw's remarks had been "absolutely disgraceful" and were designed to win votes, he added.

The Home Secretary agreed: "Some Conservatives give the impression that the Tories are the repository of law and order," he said. "It is not the case."



MR. MERLYN REES  
"A remarkable award."

The award reflected the unique position of the police and should stimulate recruitment, cut wastage and enable the service to counter threats to law and order more effectively.

But he told Sir Bernard Braine (C. Essex SE): "It isn't pay alone that will determine the success of the police service. It requires recognition by the community of the difficult job they do."

Mr. Eidon Griffiths (C. Bury St. Edmunds) said that the Edmund Davies committee had vindicated every point made by the Police Federation about wastage, the danger of the job, the constant

commitment and the lack of a right to strike.

If the committee thought such a large increase was necessary now, why were the police being forced to wait for half of it until next year?

Mr. Roger Sims (C. Chislehurst) said that the Government's decision was illogical. "It is people, not politicians, who are making law and order an issue," he declared.

"It is people who are concerned about law and order," Mr. Sims snapped. "It is some politicians who prostitute that concern for a cheap vote."

The Government had to take account of the country's wider problems and believed that an immediate 40 per cent increase would not be in the interests of the community.

As other Tory MPs interrupted, Mr. Rees angrily dismissed their protests as "rubbish."

The average police constable with 15 years' service would, in September, receive some £6,668 a year.

Rejecting a suggestion by Mr. Dennis Skinner (Lab. Bolton) that the Government should learn from this experience and keep out of free collective bargaining, Mr. Rees said that police pay could not be left to the free market.

He agreed with Mr. William Ross (Lab. Kilmarock) that the Government's decision had been right.

The Government had done the best thing about law and order by ensuring that there were trained policemen on the street. "This is something we should be proud of," the Home Secretary declared.

## New rules on tanker labelling promised

THE GOVERNMENT is attempting to speed up new regulations on tanker labelling following the Spanish liquid gas accident. Mr. William Rodgers, Transport Secretary, told the Commons last night.

In a written answer Mr. Rodgers said he had already expressed grave anxiety to the Health and Safety Executive over a continuing delay in bringing forward proposals on tanker labelling.

The delay had been due to factors including the need to widen the scope of the regulations and difficulties with consultations.

"Following the Spanish liquid gas accident, I have asked the chairman for a full report and made clear, once again, that proposals are urgent and overdue," said Mr. Rodgers.

He said a nationwide study was being undertaken into the vulnerability of road tankers in accidents. At present, it was limited to tankers carrying petroleum spirit but he understood that consideration would be given to extending the project to include liquid petroleum gases.

The Health and Safety Executive estimated that there were normally between six and 10 road vehicles transporting liquefied propylene gas in the UK at any one time. Approximately 12,000 tons a year were carried by road, and an additional 38,000 tons, by rail.

Asked by Mr. Anthony Grant (C. Harrow Cent.) about safety regulations concerning the transport of liquefied propylene, Mr. Rodgers said that the current statutory regulations for domestic journeys did not specifically cover hazardous cargoes. He did not regard this as satisfactory, and the Health and Safety Executive was preparing proposals for comprehensive regulations.

## MPs' salaries will lag behind Assembly—Tory

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MEMBERS OF the proposed Scottish Assembly could be paid in the region of £8,650 which is more than MPs at Westminster will be getting even with their new pay rise, according to calculations by Mr. Alex Fletcher, a Conservative spokesman on Scotland.

Thus, he said, was despite the fact that members of the assembly would be doing only one-third as much work as their counterparts in the House of Commons.

Mr. Fletcher alleged that the Government was attempting to conceal these embarrassing facts until after the referendum on Scottish devolution.

His remarks came as the House resumed consideration of the mass of amendments made to the devolution legislation in the House of Lords.

One of the alterations made by the peers empowered the Secretary of State for Scotland to fix the remuneration of assembly members and the civil servants who will staff the new Scottish Executive.

Rut on the urging of Mr. Bruce Millan, Scottish Secretary, the House reversed this by a majority of 29 (298-269), thus allowing the assembly to fix its own rates of pay in accordance with the Government's original intentions.

So far, Government spokesmen have not indicated what the new rates of pay might be for the assembly nor does the Scotland Bill itself throw any light on the matter.

Mr. Fletcher pointed out, however, that the financial estimates showed that a total sum of £6,750,000 was being set aside. He estimated that half of this would go on services and the cost of accommodation.

This would leave a sum of £3,375,000 to cover the pay of 150 assembly members and 240 supporting staff.

He worked out that this would mean an average salary of £8,650 each. This compares with the present salary of £6,270 of MPs, shortly to be raised by 10 per cent to £6,897.

Opposing the Government's attempt to reverse the Lords' decision, Mr. Fletcher argued that it would be a part-time assembly and members would have time on their hands unless they had outside occupations to keep them busy.

He maintained that the assembly would require only three months a year to do its work—and that was a generous estimate.

At present, Parliament took less than three months a year to deal with all the developed and non-developed Scottish issues. The Government, he said, was now engaged in a cosmetic exercise to conceal the fact that the assembly would be only a part-time assembly.

Comparing foreign experience, he pointed out that a state legislature in the U.S. normally sat about 100 days a year, the equivalent of about 14 weeks.

From the Government front bench, Mr. Millan declared: "We cannot accept an amendment of this nature. We believe these

are matters which ought to be decided by the assembly itself.

"If we were to say these are matters which the assembly could not be trusted to decide, then we would be expressing in the Bill a very considerable and unjustified mistrust of the assembly. It would be absurd to give the assembly wide-ranging powers and then say it could not be allowed to decide its own salaries."

A leading anti-devolutionist, Mr. Tam Dalyell (Lab. West Lothian) said he was prepared to back his chair that whatever else happened the assembly would certainly not be part-time.

Parkinson's Law would apply. It would be intolerable to limit membership of the assembly to people with private means or pensions and those who could support themselves with outside jobs. If the assembly were to be set up, a living salary had to be paid.

The Government clause, inserted in the Lords, providing special protection for the Orkneys and Shetlands, was approved without a vote despite some misgivings by the Opposition.

It allows the Secretary of State for Scotland to override the assembly if that body takes actions which are substantially detrimental to the needs of the Orkneys and Shetlands.

Mr. Hattersley said the fact that Britain's inflation rate was now lower than the average in OECD countries was an "enormous achievement."

He hoped that listeners to the broadcast proceedings would be able to make their own judgment about the "character and conduct" of the Opposition.

Tory MPs were particularly incensed by the fact that, in accordance with past practice, Mr. Hattersley allowed Mr. Bruce Millan, Under-Secretary for Prices, to deal with questions about the increase in food prices.

Mr. Maclean's insistence that it was normal practice for him to answer questions on food prices was impatiently brushed aside, as was his emphasis on the fact that in the 12 months to June 1978, food prices rose by only 6.7 per cent, the lowest annual rate since May 1972.

Reaffirming his belief that the annual rate of inflation would remain at or about 7.5 per cent over the coming months, Mr. Hattersley said that what depended on Christmas would depend on the policies applied in the intervening period.

"My earnest hope and belief is that 7.5 per cent is how it is and how it will remain."

He accused Tory MPs of switching their attack to the four-year rise in the food price index because they knew that the most reliable indicator of the rate of inflation, the retail price index (RPI), no longer suited their case.

"The Tories only abandon the RPI when it is moving in favour, not only of the Government but of the people of this country," he declared.

Mrs. Jill Knight (C. Edgbaston) argued that the RPI was "gobbledygook" to the average housewife who knew, as she went to the shops week after week, that prices kept rising.

Mr. Hattersley agreed that prices were rising, but claimed there was a remarkable degree of stability from one week to another.

Queen's lands takeover call

MR. WILLIAM HAMILTON (Lab. Fife Cent.) yesterday called on the Government to nationalise part of the Queen's lands in the Commons that income from the Duchy of Lancaster should be spent on hospitals.

"The vast amount of money accruing tax free to the owner of this estate would be far better used in replenishing health service facilities instead of the income going to what we know not where—but certainly not used in the public industries," the MP declared.

Mr. Harold Lever, Chancellor of the Duchy of Lancaster, said he understood Mr. Hamilton's "republican views," but added: "You ought not to seek to give the impression that this income derives to the private benefit of the Sovereign. This is far from the truth."

New MPs

LABOUR'S VICTORS in last week's two by-elections, Mr. Allen McKay (Penistone) and Mr. George Morton (Moss Side) took their seats in the Commons yesterday.

Barracks plan

WELLINGTON BARRACKS is to be rebuilt, Mr. Bob Brown, Army Minister, said in a Commons-written reply yesterday.

Sir Malby leads Olympic study

SIR MALBY CROFTON, Mayor of Kensington and Chelsea and member of the Greater London Council, is to oversee the feasibility study into holding the 1988 Olympic Games in London.

Mr. Horace Cutler, leader of the GLC, said yesterday after asking Sir Malby to take on the job: "We have to ensure that the £50,000 to be paid by the GLC for the study is well spent. There is a great deal to be done in the way of meeting people, making contacts and monitoring progress."

Scots records microfilmed

THE MICROFILMING of companies' registration records in Scotland should be completed by a year's time, Mr. Stanley Clinton Davis, Under-Secretary, Trade, said in the Commons yesterday.

Mr. Davis said that because substantial alterations were needed to adapt the public search room at Edinburgh, microfilmed records could not be used immediately. "But it is hoped that microfilm reading and other facilities will be introduced into the re-designed search room at the beginning of October this year when some 12,000 to 14,000 files should be on microfilm," he added.

Other draft clauses will contain provisions to incorporate in British law certain requirements

of the European Economic Community's second directive, notably give effect to various reforms in company law which the Government has long favoured will be published in a White Paper on Thursday.

But it is not yet certain when the legislation will be brought forward.

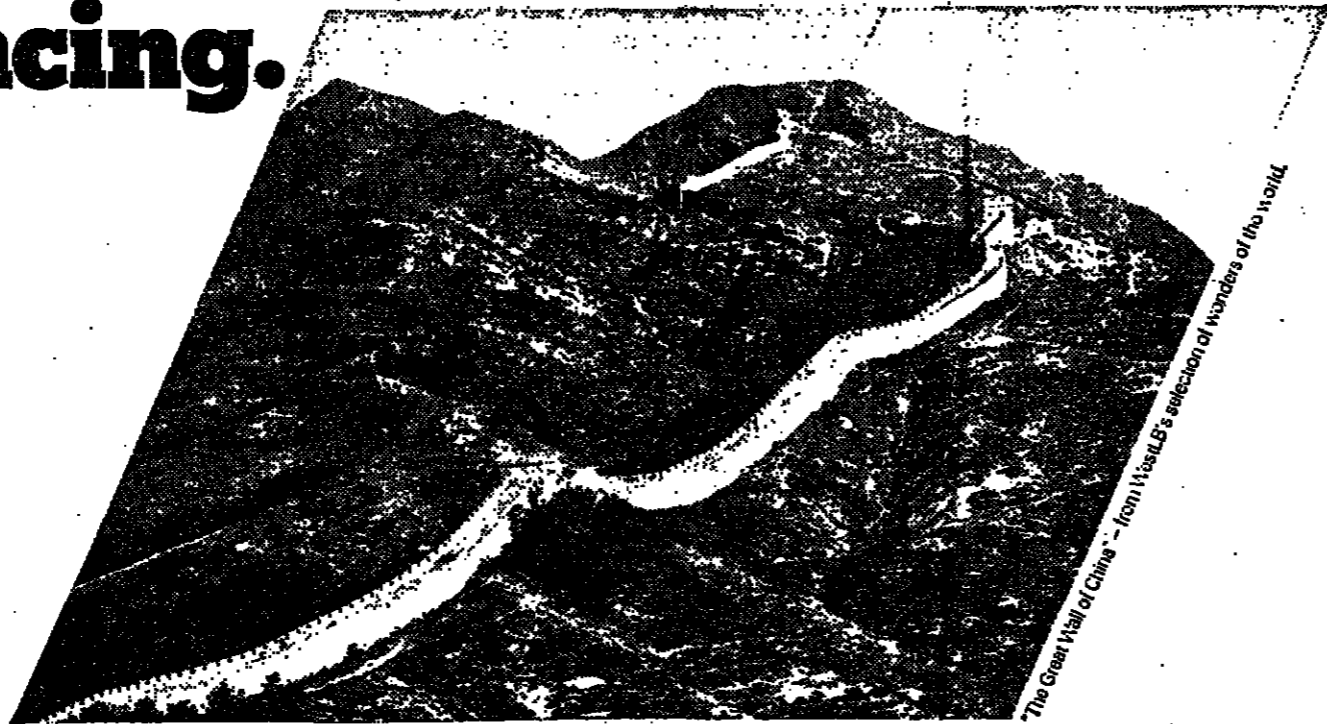
In the Queen's Speech last autumn, the Government foreshadowed the introduction of legislation to reform company law, but this has not happened in the present session, because of shortage of Parliamentary time.

The White Paper with the draft clauses, showing in precisely what terms the Government would have sought to change the law, is clearly being published as the next best thing—and as a basis on which comments will be sought from those interested.

The document is expected to contain clauses giving effect to the proposals in the White Paper "The Conduct of Company Directors," which was published last November. These plans include the outlawing of insider trading—the use of confidential information by directors and others to make personal profits by share trading—and provisions concerning loans to directors and the duties of directors.

Other draft clauses will contain provisions to incorporate in British law certain requirements

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Replies to Box A.6415, Financial Times, 10, Cannon Street, EC4P 4BY.

## Budget Controller

Bahrain c\$11,500

Our Client, the Arab Shipbuilding and Repair Yard, has recently commenced operation of a new and impressive drydock and repair facility in Bahrain. It is one of the world's most up-to-date and very large drydocks for very large crude carriers (VLCCs) and over 1100 staff are now employed. A Budget Controller is required to develop further the budgeting function and to control all the shipyard's budgets. The company's accounting and stock control systems are computerised, and a major responsibility will be to train an Arab successor.

Candidates should be aged between 27 and 40 and ICMA qualified. Experience in insurance or an international company would be an advantage.

The company offers a two year contract with option of renewal and a wide range of social benefits, including free family accommodation, subsidy for utilities, education, medical care, etc. The salary is negotiable but will exceed \$11,500.

Contact Ann Cossar, London (01) 233 7030.

PER Overseas, 4-5 Grosvenor Place, London SW1.

**PER OVERSEAS**  
PROFESSIONAL AND EXECUTIVE RECRUITMENT

## CHIEF DEPOSIT DEALER ASSISTANT DEPOSIT DEALER

required by a new International Bank established in the City. Apply Box A.6416, Financial Times, 10, Cannon Street, EC4P 4BY.

## LEGAL NOTICES

No. 00032 of 1978  
In the High Court of Justice  
Chancery Division, Chancery Court, in the Matter of HURLOCK LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 27th day of June 1978 presented to the said Court by ERTH & COMPANY LIMITED whose registered office is situated at 330 High Road, Leytonstone, London E15 2SQ, Bankers Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 21st day of July 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requesting such copy on payment of the regulated charge for the same.

ERTH & COMPANY LIMITED,  
330 High Road, Leytonstone, E.C.A.  
Solicitors for the Petitioner.

NOTE—any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above named notice to the writ of the said Court to do so. The notice must state the name and address of the person, or firm, or his or their solicitor of any kind, and must be served on, or sent by post to, in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 20th day of July 1978.

## ART GALLERIES

ACHIM MOELLER GALLERY, 6 Grosvenor Street, on Bond Street, W.1. Tel. 01-479 1111. Selection of 15 paintings by KADINSKY and 20th CENTURY MASTERS: Medallion, Leger, Braque, Mondrian, Ernst, Miró, Klee, Picasso and through July.

BROWNE & DAVY, 19, Cork Street, W.1. Royal Academy of Arts, Women's Observer, Mon-Fri, 10.00-5.00. Sat. 10.00-12.30. W.C.2. Tel. 636 1139.

CHANDLER GALLERY, 5-6 Cork St. W.1. 01-724 4626. Exhibiting paintings by 19th-20th CENTURY MASTERS: Medallion, Leger, Braque, Mondrian, Ernst, Miró, Klee, Picasso and through July.

COVENT GARDEN GALLERY, FAR AWAY—Decorative watercolours, from 19th to 20th century. Mon-Fri, 10.00-5.00. Sat. 10.00-12.30. W.C.2. Tel. 636 1139.

FIELDHOUSE GALLERIES, 65, Queen's Gate, St. John's Wood, W.8. 01-493 5427. Exhibiting paintings by 19th-20th CENTURY MASTERS: Medallion, Leger, Braque, Mondrian, Ernst, Miró, Klee, Picasso and through July.

FINE ART SOCIETY, 148 New Bond St. W.1. 01-493 5116. Exhibiting paintings by 19th-20th CENTURY MASTERS: Medallion, Leger, Braque, Mondrian, Ernst, Miró, Klee, Picasso and through July.

MAIL GALLERIES, The Mall, S.W.1. Society of Women Artists 11th Annual Exhibition. Daily (inc. Sun) 10-5. Uns. 1-6 pm. July 21st. Adm. 20p.

OMILL GALLERIES, Fine Art and Pottery, 22, Abchurch Lane, E.C.4. Tel. 01-493 5427. Exhibiting paintings by 19th-20th CENTURY MASTERS: Medallion, Leger, Braque, Mondrian, Ernst, Miró, Klee, Picasso and through July.

RICHARD GREEN GALLERY, a New Bond Street, W.1. 01-493 5427. Exhibiting paintings by 19th-20th CENTURY MASTERS: Medallion, Leger, Braque, Mondrian, Ernst, Miró, Klee, Picasso and through July.

THE PARKER GALLERY, 2, Abchurch Lane, E.C.4. Tel. 01-493 5427. Exhibiting paintings by 19th-20th CENTURY MASTERS: Medallion, Leger, Braque, Mondrian, Ernst, Miró, Klee, Picasso and through July.

WILKINSON, Paintings and Drawings by 19th-20th CENTURY MASTERS: Medallion, Leger, Braque, Mondrian, Ernst, Miró, Klee, Picasso and through July.

147, New Bond Street, W.1.

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## THE JOBS COLUMN

# Signs of an end to accountants' bonanza

BY MICHAEL DIXON

ALBERT IRVING was, by studying the six major accountancy general agreement, one of the many institutes probably had a most capable accountants on the total membership of only 25,000. Manchester staff of Deloitte's in This year, the figure must be the late 1950s. But by com- around 120,000. While less wide- parison with the other qualified spread than before, however, men there who speedily got the automatic preference among themselves desirable jobs in employers for chartered account- industrial and commercial com- ants still persists.

Even so, the result of the frontier between professional growth — most of which has firm and external employment occurred in the latter half of the period — demands serious consideration by any youngster which he applied for jobs was up accountancy as a career. Today too stylish and legible for the it is arguable that one might average employer's taste. And be wisest to follow Albert Irving when he started deliberately up the certified route if, scrawling his applications, offers indeed, one would be wise to of interviews seemed to become enter accountancy at all.

Some people said the reason was that the handwriting in which he applied for jobs was up accountancy as a career. Today too stylish and legible for the it is arguable that one might average employer's taste. And be wisest to follow Albert Irving when he started deliberately up the certified route if, scrawling his applications, offers indeed, one would be wise to of interviews seemed to become enter accountancy at all.

But it seems sure that the Institute of Chartered real reason why Albert had Accountants in England and greater difficulty than his Wales remains dominant. Of the colleagues in crossing the career national 120,000 total, this in- Rubicon was that, where they stitute alone must represent were chartered accountants, he about 64,400.

At the other end of the scale, certified kind. Although he the Institute of Chartered publicly stood up for his branch Accountants in Ireland has prob- of the profession. I feel that ably about 3,400 members, and before he won his desired out- its nominal equivalent for Scot- wished privately that he had Chartered Institute of Public Finance and Accountancy lying qualification.

Since that time, the demand In the middle of the scale for accountants everywhere has come the Association of outstripped the capacity of any Certified Accountants with some single professional body to 18,000 members, and the Insti- supply it. When Mr. Irving was tute of Cost and Management

Accountants with about 17,100. The main reason why the Cost seems probable that by the chartered training, rely on a

With jobs-market demand for and Management and the middle 1980s, something be- rapid turnover of senior staff, their members apparently still Certified bodies have been grow- tween two thirds and three Their habit is to select only increasing, all six bodies are ing at a faster rate than the quarters of the accountancy pro- a very few of their qualified fession will still be aged under staff for swift promotion. The 45. And since—no matter how rest are expected to stay for much the institutes might wish only three or four years before leaving for a job elsewhere.

One result of a sharp reduction in the availability of jobs for accountants elsewhere would look bound to be a sudden, severe gumming-up of the ranks of a large part of the England and Wales Chartered Institute.

If that happened, I would expect it to enable the Certified and Cost and Management bodies quickly to secure the major shares of the diminishing market for new entrants.

Of these two, while the cost and management route seems currently to be the more popular, I would personally be inclined to choose the certified path. With promotion prospects reducing, an aspiring accountant's best strategy would surely be to have the most flexible qualification and, unlike the cost and management brand, the certified kind offers a fair chance of advancing oneself in professional practice as well as in industry and commerce.

But before choosing either, I would now think very hard before going into accountancy half of each year's recruits to in the first place.

The reason is that pro- fessional chartered accountancy firms, especially the largest two dozen which absorb nearly half of each year's recruits to

Given continuing high levels of entry in the meantime, it

likely that this sharp drop in recruitment prospects for accountants will become distinctly noticeable just as the age group eligible for entry is beginning its 10-year decline, almost inevitably causing the professional bodies to compete more keenly for their intake.

If so, none of the institutes will be made more attractive by the general drop in pro- motion prospects. But it seems to me that this will have a worse effect on the England and Wales Chartered Institute than on the Certified and Cost and Management bodies.

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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## ELECTRONICS

### Simplified circuits aid design

SILICONIX is selling the first of a new family of high current and high voltage field effect transistors (FET), serving both analogue and digital applications. The VN94GA has rated capabilities of 12A amperes, 80 volts and 0.4 ohms—about a six-fold current increase over previously available units.

With input power in the micro-watt range, the first device produces up to 80 watts output at lower frequencies, or 50 watts can be delivered at 30 MHz.

This input power is several orders of magnitude less than that required by Darlington bipolar equivalents of equivalent output power. Yet the new component retains the inherent benefits of faster-switching, high gain, and high input impedance characteristic of lower power V MOS units. It also provides inherent fail-safe operation with no failure from secondary breakdown, no thermal runaway, and the ability to limit current by controlling the gate voltage.

Siliconix is offering designers a universal high power device for switching regulators, motor

controllers, audio amplifiers, and to serve as an interface for microprocessor logic outputs. It interfaces directly with CMOS, TTL, DTL, and MOS logic families, and can drive large loads directly from logic or microprocessor outputs.

Use of the new voltage-controlling device in switching regulators simplifies design and manufacture. It greatly reduces the number of components, by eliminating most protective circuitry.

Siliconix, Morriston, Swansea, SA6 6NL 0792 74681.

## Fast repair of boards

FAST TURNROUND board repair service by System Industries (Europe), the Woking based subsidiary of System Industries Inc., supplier of minicomputer disc subsystems, has been called Express Board and offers a 10-day turnaround.

The standard repair cost is 35 per cent of the board's current one-off list price, but an emergency repair service offering three-day turnaround is also available at a 20 per cent surcharge.

The service is based on an in-house Testline APIT 3500 probe-immutable tester which the company installed to handle testing and repair of boards from its own disc systems.

System House, Guildford Road, Woking, Surrey. Tel 04803 9077.

## COMMUNICATIONS

### Control by voice

MENZIES Communications Systems is the new name for the subsidiary established by the £188m turnover company John Menzies (Holdings) to market computerised voice response systems.

Having four major UK installations involving approximately 700 executive users, MCS is finalising arrangements to offer systems with additional capabilities.

Linked with this development is the recent appointment of Trevor Sokell, former business manager at ICL, as managing director of the newly constituted company. With a sales and engineering team which is currently being expanded, he now heads an organisation which commands the greatest expertise on voice response technology in the UK.

MCS was the first company in the UK to implement a large-scale voice response system using the Post Office public switched telephone network. The system incorporates a central voice response unit which can be used on-line or as stand-alone equipment using its own minicomputer. This permits the use of exceptionally low-cost push-button terminals, linked through a standard telephone, which can be fixed or portable.

The voice which the user

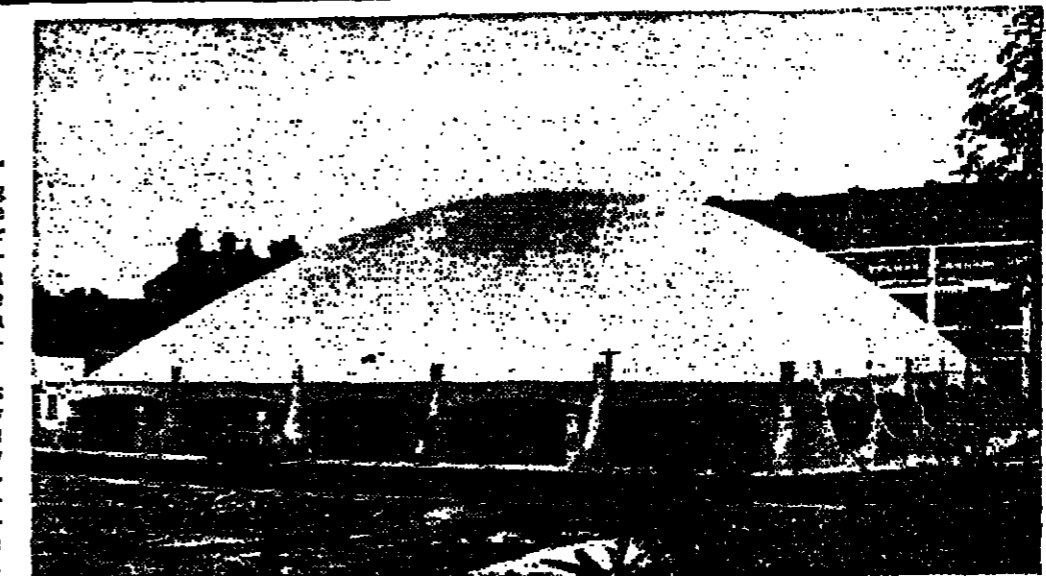
hears is in normal "human" tones and different operating modes allow the user to receive voice verification of input or acknowledgement of correct input by voice or tone. Elimination of the use of modems and the immediacy of response means a great cost saving and simplification in systems development.

Already using systems implemented by MCS (formerly WDC Computers) are Volkswagen GB, Colgate Palmolive, Smedley HP, and John Menzies (Holdings). The 350 dealers of Volkswagen GB use push-button terminals linked to an on-line voice response unit at the VW central parts depot to ensure delivery of spare parts within a maximum of 24 hours.

Every Colgate-Palmolive and Smedley-HP salesman is equipped with a portable terminal only 12 cm x 9 cm to send orders to the central computer system from wherever they may be—home, hotel, telephone kiosk or even customer premises. This has greatly simplified paperwork and ordering procedure within these organisations at an economic cost.

Other typical applications include a factory data collection, stock control, reservations, credit verification, car hire, mail order and retail data collection.

Menzies Communications Systems, 20 High Street, Camberley, GU24 6TJ.



The new sports centre at Kilmarnock, Scotland, with an inflated Gourock airhouse roof supported by pressurised air. Mounted on top of a three-metre high precast concrete perimeter wall, inflation of the airhouse is achieved by a continuously running electric fan which provides the changes of air every hour. A diesel driven stand-by unit is installed for emergency use and

double airtight doors ensure that there is no undue pressure loss. The design allows a high level of natural shadow-free lighting even on dull days, and the centre was completed in a record time of three months at a cost of half that of a traditional structure says the maker, Clyde Canvas Goods and Structures of Port Glasgow, Renfrewshire.

## COMPUTERS

### Helping the illiterate

THERE IS good news for all those who are concerned at the levels of illiteracy in Britain where there are now thought to be 2m adult illiterates, with one in every seven children coming out of primary school cannot read or write properly.

It comes from a series of experiments carried out with CAL, for computer assisted learning—techniques, long the poor relation of the huge and growing family of computer applications.

BSLS (basic skills learning system) developed by Control Data's Education Company, has been used in the U.S. to teach adults to read and, for what it is worth, the tests show BSLS to be capable of concentrating one year's learning by the methods normally used in schools into just 12 hours of new technology education. This breaks down into seven hours with the CAL system developed by Control Data under the name of Plato, and the remainder in outside study.

Results secured in the U.S. reveal a careful examination, especially where the developer says that the drop-out rate with Plato is less than 5 per cent while that "in other remedial programs for functionally illiterate adults reaches as high as 80 per cent."

BSLS was developed in the U.S. primarily for the age group 16 to 24. It is not aimed solely at reading, but also at language handling and mathematics. A large chunk of it is presented by CDC's Plato and, the company asserts, makes Plato the only computer instruction system which actually teaches the students while managing the instruction process itself.

Plato is able to display lesson materials on a screen in the form of animated graphics, drawings or text. The student communicates with the live system either by pressing a fingertip to the screen or pressing character keys, and therefore at his own speed.

In this way students ask and answer questions, make choices, reply to displayed questions or simply shout "help!"

Plato has already been recognised as a substantial advance in its field by the presentation to the company in June of the 1977 Service Award of the American Society of Training and Development (ASTD), as well as the winning in the preceding month of an award from the U.S. Association of Educational Data Systems.

It would appear that CDC has picked up the torch for Computer Assisted Learning from RCA, whose exit several years ago from the large general purpose computer scene made its involvement with development of that demanded computer of this type that much more difficult.

Further information on Plato from CDC on 01-930 7344.

## PROCESSING

### Murals from photographs

A NEW service is offered by IDTV Enterprises of London in which a colour transparency can be turned into a high quality mural of 4.5 x 3 metres unit size, in full colour.

The process, originated by Neo in Japan starts with optical scanning of the transparency on a cylinder. The entire image is progressively analysed and separated into the three basic colours, cyan, magenta and yellow. After some electronic processing the data is used to control airbrush paint guns mounted on a head which moves along a slowly rotating cylinder on which the mural material is fixed.

The continuously varying signals precisely meter the air pressure to each of the three colour guns and to a fourth, black gun, to give body to the image. Several kinds of material can be employed on the big drum including paper, hessian, vinyl, cotton, synthetic leather, felt, and a number of woolen mixtures. About four hours are needed to produce a 4.5 x 3 mural, and these of course be joined to produce a larger mural.

So far there are only six of these machines operating (four in Australia, one in Los Angeles and one in Tokyo) and a London installation is planned for the new year. For the time being UK orders will be sent away for processing and a three-week delivery is offered.

Because almost any colour image can be reproduced, the Neo system offers interesting alternatives for architects, interior designers, advertising agents and the graphics/display industry in general.

Basic prices are £25 per sq metre on paper rising to £37.50 at the bottom end of the fabrics range; there is a discount structure.

More from Suite 24, Craven Lodge, 15-17, Craven Hill, London, W2 3ER (01-402 6418).

## COMPUTERS

### More muscle for minis

FOR THE second time this year, Honeywell has announced modifications and additions to its small computer Level 6 series which keep them competitive with the continuous stream of new offerings coming from manufacturers in the U.S. and Europe.

Three new processors are included. They are the Model 43, similar to the 6/43 it replaces except that it has a larger power supply; Model 47, a completely new high-performance and compactly-oriented processor; and the Model 53, another new high-performance addition to the Level 6 line particularly suited to large-volume jobs involving local processing, transaction work, and database management running simultaneously under the GCOS 6 operating system.

With the introduction of 16K memory chips, in addition to the 4K chips which have hitherto been standard in the Level 6 line, users are given the option of concentrating more memory into less space. Now 256K words will occupy only two memory slots instead of eight, and a million words will fit into the eight slots previously required for memories a quarter the size.

Disc storage capacity of Level 6 has been almost quadrupled with the introduction of two new units, the 128 Megabyte MSU supply; Model 47, a completely new high-performance and compactly-oriented processor; and the Model 53, another new high-performance addition to the Level 6 line particularly suited to large-volume jobs involving local processing, transaction work, and database management running simultaneously under the GCOS 6 operating system.

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# Lovell

for construction  
01-9951313

## INSTRUMENTS

### Intelligent heat probes

TWO MODELS are currently available in a new micro-based digital thermometer series. These are the 2180A, which is for applications using platinum or nickel resistance sensors and the 2180A for use with thermocouples. Both offer the facility of switch-selectable 0C or 0F temperature registration. Use of micro provides significantly greater flexibility, and enables the highest accuracy levels to be achieved.

Model 2180A offers switch selectable temperature resolution of 0.01 or 0.1 degree for temperatures below 240 C. It can handle the complete negative and positive temperature ranges measurably by 100-ohm platinum resistance, and 100-ohm or 120-ohm nickel resistance temperature sensors.

Model 2180A is available in two versions, each of which offers a resolution of 0.1 degree over the complete thermocouple temperature range. One version is designed for use with thermocouple types J, K, R, T or C, and the other with thermocouple types E, N, S or B. The specific thermocouple type is manually selected by means of a switch on the instrument's plug-in input module.

In common with the model 2180A, a multipoint selector option is available for the 2180A, for the selection of thermocouple types. The 2180A may also be used with a combination battery pack and stable dc supply voltage from -10mV to +100mV, to simulate any thermocouple input. This enables the instrument to compare, calibrate or check any other thermocouple whatever its location.

Finke International, Garnett Close, Waford WD2 4TT. 0923 33086.

### Anodic film thickness gauge

NEW FROM Surfatest is an addition to the Minitest range of coating thickness gauges. Type N50 has been built specifically for the measurement of anodic films on aluminium and other thin coatings on non-ferrous metals. The instrument has two scales, 500 microns and 0.500 microns so that thin coatings as little as 5 microns can be measured with accuracy. The measuring tolerance is plus or minus 3 per cent of full scale.

Minitest is fully portable and is operated from two PP3 type 9 volt batteries. Measurements are taken with a spring loaded constant pressure probe.

Type N50 operates on the eddy current principle and can be used on all metal substrates, provided that the coating is an insulator. Other instruments in the Minitest range cover measurement of coatings on ferrous bases.

This equipment is built in Germany by Elektro-Physik of Cologne and is available from Surfatest, 10 Portland Road, Bowdon, Altrincham, Cheshire. 061 923 8696.

### Gauges will match tight radii

EBM has introduced low-cost strain gauges which have a unique integration of etched foil and tin-plated terminals fully embedded in a 40 micron thick polyimide carrier specifically designed for ease of application in static and dynamic stress analysis.

It combines good continuous vibration response, low hysteresis, excellent linearity and wide temperature range with a flexibility that allows the gauge to be bonded to a 0.3 mm radius surface.

Each type: LY41 with a temperature coefficient that matches steel and LY43 that matches aluminium, is available in nine different sizes in 120 ohm and 350 ohm nominal resistances.

Carl Schenck (U.K.), Stonefield Way, Ruislip, Middx HA4 0JT. 01-841 5121.

### When a careless 30 minutes could mean a costly 12 months electricity bill, you need Ferranti Maximum Demand Monitor.

If you are on a maximum demand tariff and you exceed your target by a small amount, you could be charged for this excess throughout the next 12 months.

The Ferranti Maximum Demand Monitor not only ensures that you can avoid this but helps you make the best use of the energy available in each 1.5 hour Automatic load control facilities can also be provided for suitable applications.

Maximum Demand Monitors can cut the demand charge on your electricity bill by up to 20%. If your maximum demand is in the order of 1MW/MVA you should recover your investment within 12 months. Ferranti keep a hawk eye on electricity costs. Send for more details to Ferranti Limited, Instrument Department, Moston, Manchester M10 0BE. Tel: 061-651 2071 Telex: 6567857

**FERRANTI**  
Maximum Demand Monitor



New issue  
July 18, 1978



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Osaka/Japan

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Caisses des Dépôts et Consignations	Berliner Handels- und Frankfurter Bank	Blyth Eastman Dillon & Co. International Limited
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## TEXTILES

### Stops dust at source

SINCE open-end spinning came to replace a growing proportion of ring spinning machines, it has brought with it a demand that the so-called microdust, particularly found in cotton, be eliminated as this will collect in the rotors of machines and reduce operating efficiencies.

Various textile machine builders have worked to eliminate dust generation and to extract this particularly fine dust as far as possible. The result of these efforts has been to improve very considerably the working atmosphere in spinning mills where new the atmosphere is becoming comparable with being in the open air.

Microdust is a major contributor to what is known in the trade as "brown lung." This is a disease that has largely been eliminated in English mills but which is still a major problem in many mills overseas.

have been suggested and now the French company S.A.C.M., Mulhouse (British agent: Allertex, Lower Paradise Street, Bradford BD1 3HP. Tel. 0274 23783) has proposed another system. This is to have a special feed to the card and so very vigorously open the cotton fibres.

At the same time dust is extracted from the point at which it is generated. The latest system of carding developed by the company is claimed to produce a particularly clean sliver that is ideal for the demands of open-end spinning and aids in keeping the mill atmosphere free from dust and "fly."

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By agreement between the Financial Times and the BRC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

# The Management Page

EDITED BY CHRISTOPHER LORENZ

## NEB hunters come up with a high flyer

THE National Enterprise Board's recent investments in small, thriving, entrepreneurial companies will undoubtedly put any incoming Conservative government in an acute dilemma. The difficulty is that the very kind of private enterprise which Conservatives profess to admire is accepting support from public funds. While it may be argued that the State should never have got mixed up in this kind of business, the question of withdrawing support from a successful company may be quite another matter.

Take Systime, for example, one of the five computer systems companies in which the NEB has bought shares with the hope of co-ordinating and promoting exports. Systime is a small, fast growing company with a turnover of £4.5m last year. It has found a lucrative niche in the market for small business computers.

The company has all the hallmarks of technical skill and sound management which should enable it to survive in a world of natural selection. So why should it need to be corralled by the NEB?

One possible answer is that Britain has so few successful companies making small business computer systems; that the achievements of even a small firm like Systime are of strategic importance to the country because of their potential growth. A second point is that Systime is beginning to encroach on the territory of the big multinationals like International Business Machines, which is 20,000 times its size.

So although Systime is in no sense a lame duck, in international terms, it is still a fledgling surrounded by very predatory competitors. So far the protecting hand of the NEB has not been evident since it took a 26 per cent share in the company a year ago. But the availability of a £700,000 loan fund must at least give the company a sense of security when it considers future growth.

The NEB bought 762 newly created shares for £235,000. In addition it bought 476 ordinary shares from the existing shareholders, for £22,000. This holding was converted into cumulative preference shares.

Since the deal with the NEB, Mr. Gow's shareholding has been reduced from 25 per cent to 31 per cent. But 57 per cent of the shares is still owned by four directors of the company.

**Incentives**  
For the time being, the managing director, John Gow, wants no further money from the NEB. He likes the pressure of having to be self-sufficient and the incentives which that gives to tight financial control. "Any money the NEB chucked in at present would just put more slack in our belt," he says.

It was in the front room of John Gow's house that Systime was first conceived six years ago, very much in the same spirit as a large number of entrepreneurial companies have been started in the U.S.

Mr. Gow was working as an engineer for Digital Equipment Corporation (DEC), the world's leading maker of mini-



John Gow (left) and John Parkinson of Systime—their company has found a lucrative niche in the market for small business computers.

computers for industrial control. He was one of the first people to realise that these cheap mass-produced mini-computers could easily be programmed for office and business use. Indeed, he saw they had several advantages over other business computers because of their ability to carry out several operations simultaneously from a dozen or more terminals connected to different locations.

At that time, however, DEC's US management was not interested in developing the UK business market, so Mr. Gow decided to set up on his own. With the help of his wife Jennifer, a programmer on paid leave from International Computers Limited (ICL) (for a complex combination of reasons), he started writing the necessary programmes at week ends and in the evenings. He was given some support with his first sales from DEC, which was happy to supply him with the hardware on credit.

With this assistance, finance from one of his first customers, and his own savings, the operation became financially viable. He soon went into the manufacture of hardware himself, in order to adapt the DEC machines so that they could be coupled to disc drives (memory units) made by Control Data Corporation (CDC). This was perhaps his most important commercial decision, because the improved margin obtained on CDC units greatly helped to finance the company's future growth.

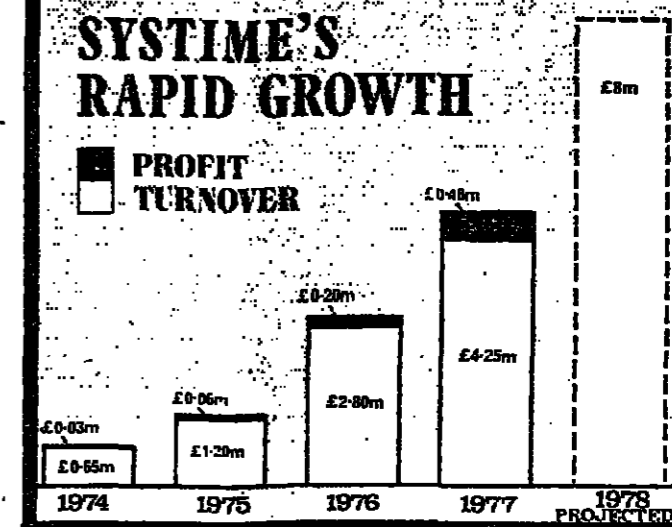
Mr. Gow combines a shrewd Yorkshire head for good business with a slightly unexpected taste for flamboyance. Workers coming in to his factory in Leeds may pass his elderly white Rolls-Royce (number plate GOW 1). He believes in paying engineers well and gives many of them company cars. He also tries to make conditions for production workers as pleasant as possible. The main electronic production area, for example, is fully carpeted and

liberally decorated with potted plants and ferns—just like a modern office. Undoubtedly his all the conflicting demands on ability to inspire personal sales, programmers and manual labour has helped to build up the company.

From a turnover of £1.2m in the 1975, Systime reached £4.25m last year: this is expected almost to double this year to £8m. By 1982, the company is looking for a turnover of £30m, of which about a quarter would be exports.

Any company growing at this speed quickly runs up against management problems, and the danger of expanding so fast that the whole structure topples under its own weight. Mr. Parkinson believes the major hazard is that we could become overstretched in terms of the level of service we can give to customers," he says. "Since 20 per cent of our business comes from repeat orders from past customers, we must guard against a degeneration in the level of service."

Mr. Parkinson is a steady no-nonsense Lancastrian, who is holding the company on a very tight rein indeed. He has introduced detailed financial controls and imposes a strict discipline over all aspects of the company's performance, including service to customers. Like Geoffrey Cross, the former head of ICL, he believes that rapid and efficient service to customers is the key to success in the computer industry. So he receives a telex every evening from each area office listing faults on equipment which have not been repaired. Then, every month, he spends two days on a detailed review of the technical and commercial



ware systems which it can sell. Systime's 10 per cent margin is made on hardware, including the parts which it makes itself. In the longer term it will be able to find customers for complete systems, including hardware supplied by Systime.

**Intriguing**  
At present this is not much more than an intriguing possibility—which has attracted much sceptical comment from other parts of the industry. The fact remains that the world market for mini-computer systems is expanding much more rapidly than is the British companies' ability to supply it. The NEB can therefore put up a strong case for trying to promote co-operation between the companies which are successful in the field. The other point, which Systime fully recognises, is that the emphasis is likely to turn in more and more towards software. It was as the cost of hardware falls. At present most of

Max Wilkinson

## New refinements on job creation policies

THIS NEW study on long-term job creation has, on the surface, a slightly dated 1960s look. Belief in planning, an active role for public sector agencies, and, in particular, the comparisons with Swedish experience became all too familiar in the mid-1960s debate leading up to the piecemeal interventionism of the 1964-70 Wilson Government. Yet the now all too apparent weaknesses of both British and Swedish industrial and employment policy have caused Mr. Butt Philip not to abandon an interventionist stance but to suggest new refinements of this same approach.

The author's starting point is the widely accepted view that "successful demand management by the Government does not of itself solve problems of weak industrial structure or inadequate employment opportunities." The study is confined to reviewing the ways in which potentially permanent employment can be generated. Its

emphasis is on how to select and promote viable investment projects which provide employment and not just short-lived job creation schemes, such as the Temporary Employment Subsidy.

Mr. Butt Philip discusses the general development and employment creation programmes, and concludes that this type of assistance is largely ineffective as far as long-term job creation is concerned.

The study points out that the responsibility for long-term job creation is split between many departments and agencies with the result that there have been differences of approach and a lack of co-ordination.

The author notes the increasing tendency in the 1970s to increase the finance available for selected cases on special terms, yet his study concludes

that finance for employment-generating projects is only one of the obstacles to future employment, and concentration on the provision of investment capital is often not sufficient to create more jobs.

He queries the increasing discretionary powers conferred on civil servants and suggests that a more promising approach might be to develop some of the existing official agencies engaged in stimulating industry.

In the most interesting part of the 63 page study, the author suggests that useful experience can be learnt from the smaller agencies such as the Council for Small Industries in Rural Areas (COSIRA), the Highlands and Islands Development Board (HIDB) and the Scottish and Welsh Development Agencies. Their work, often in partnership with the private

sector, has included substantial non-financial support, for example in training for managers and workers, speculative factory buildings or improvements in local infrastructure. This aid can help the Swedish example. In particular, he discusses the role of AMS (the Labour Market Board) which co-ordinates regional and labour market policy. "The authorities, closely involved in the individual firm's investment and labour plans, respond to the information thus received and adjust their policies as required. The degree of government involvement is exceptional, by British standards, but it has secured the co-operation of the trade unions and much of the business community because they share common goals (principally to prevent unemployment and to have viable companies) and because the policies themselves have proved successful. This in turn provides a background of economic stability and security which boosts business and trade union confidence."

policy could only be achieved on a regional, as opposed to a national, basis in Britain.

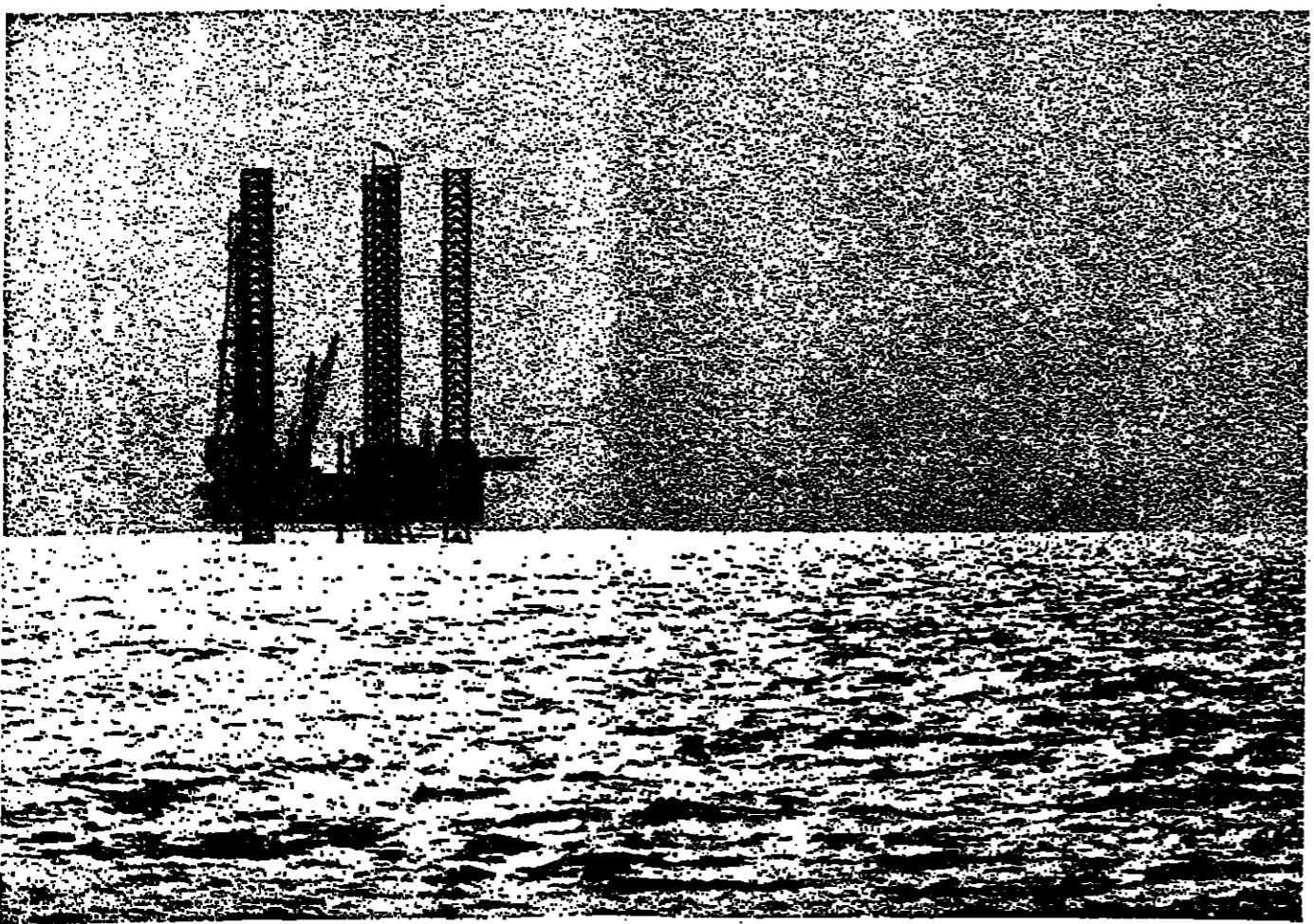
While some of Mr. Butt Philip's suggestions about increasing non-financial and training assistance at a local level to ease structural change could receive wide support, his conclusions drawn from Swedish experience about the role of the public sector as a co-ordinator of the labour market, are less plausible. But perhaps the basic objection to this section of his study is his concentration on the public sector, thus playing down the role of the market and ignoring the constraints on the private sector's ability to create permanent long-term jobs often caused by state interference.

*Creating New Jobs, a report on long-term job creation in Britain and Sweden.* By Alan Butt Philip. Policy Studies Institute in association with the Centre for European Industrial Studies. University of Bath, price £3.60.

BOOK REVIEW BY  
PETER RIDDELL

small businesses in particular. Both COSIRA and HIDB already assume responsibility for changing the skill base of potential employees in a locality or even of workers in an existing firm. The author becomes more contentious, and perhaps less convincing, when he analyses

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The Job Release Scheme has been extended until 31 March 1979 and now applies throughout Great Britain.

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The point is, they can't take advantage of the Scheme without your agreement. And if you do agree to allow them to participate, then you must recruit people from the unemployed register to replace them—though not necessarily for the same jobs.

As a result of this Scheme, your employees have the chance to stop work up to a year early, which may give you the chance to do a bit of promoting. Above all, you'll be able to take on new staff. Doing that means you're also giving a job to someone who's presently unemployed. Employees who wish to take part in the Job Release Scheme must apply by 31 March 1979. There'll be advertising in the national press to tell them about it.

Leaflets with full details of the Job Release Scheme are available from any Employment Office, Jobcentre or Unemployment Benefit Office, or ring Eileen Tingey on 01-214 6405 or 01-214 6684 for more information.

## Job Release Scheme

Department of Employment **DE**



# Henry Moore at Eighty

by WILLIAM PACKER

At the very end of this month Henry Moore, our most celebrated of living artists, achieves his 80th birthday; and it is as appropriate as it is unsurprising that a number of important exhibitions should have been arranged to mark the occasion: more of his carvings but of all indeed it would have been a scandal had anything less been done. For the bald truth is that Moore's celebrity, though in this country it came late, and has never been conspicuously sustained by practical public support, is entirely deserved. He stands in the front rank of sculptors in this century, second to none, the peer of Brancusi, Arp and Giacometti; and, if it is clear from the perspective we can now enjoy back over a long career, that only in England could he ever have been taken as radical innovator, iconoclast, and pillar of the avant-garde, we are able to see with an equal clarity that from the very first his work was of the highest quality, and that the scale of his consolidated achievement is immense.

Today, by making a short tour from Millbank to Kensington Gardens by way of St. James's, we are able to take as comprehensive a view of it as is ever likely to be possible. At the Tate are two distinct exhibitions (both until August 28), the one a copious examination of Moore as a draftsman, the other as a sculptor, the princely gift he has made to the country — we were hardly likely to acquire any of it otherwise — some three dozen major works, V and A, is one of the greatest that that purpose has ever had. Tate's entire previous holding of his sculpture. At the Serpentine Gallery (until October 8) is shown a choice group of his more recent carvings, while

among the trees nearby, and on the lawn sloping down to the water, are disposed of his monumental works in bronze and stone. And at Fischer Fine Art (until the end of August), choicest of all, are more of his carvings but of all indeed it would have been a scandal had anything less been done. For the bald truth is that Moore's celebrity, though in this country it came late, and has never been conspicuously sustained by practical public support, is entirely deserved. He stands in the front rank of sculptors in this century, second to none, the peer of Brancusi, Arp and Giacometti; and, if it is clear from the perspective we can now enjoy back over a long career, that only in England could he ever have been taken as radical innovator, iconoclast, and pillar of the avant-garde, we are able to see with an equal clarity that from the very first his work was of the highest quality, and that the scale of his consolidated achievement is immense.

What we learn from these early pieces, which include a couple at the Tate, and from the magnificent sequence of figure drawings made through the twenties, and on into the thirties, is that Moore has always been essentially an artist who identifies himself with the great art of the past, has drawn upon the same material and taken upon himself the same great subjects, setting himself to work within, and only incidentally to, the tradition.

Originality is a quality inherent in the nature of the true artist, and perhaps we worry about it too much for our own sake, forgetting that it is well to look after itself if it is as good as dead. Moore's hand is plainly on all he has touched, and as is always the case, the less self-consciously original he is at any point, the truer the work. We know that as a student at the Royal College of Art, and as a draftsman, Moore was good enough to take himself off to the British Museum, to the pre-Columbian sculpture of Mexico, to the great works of European antiquity. But in Kensington itself, at the same time, he was good enough to take himself off to the British Museum, to the pre-Columbian sculpture of Mexico, to the great works of European antiquity. But in Kensington itself, at the same time, he was good enough to take himself off to the British Museum, to the pre-Columbian sculpture of Mexico, to the great works of European antiquity.



Henry Moore's carving from Russell's "Virgin and Child" — here this year have proved by Vera Lindsay, Yorkshire is impossible to cover except in these more general terms, one we all should be, for we are lucky to have him. We all congratulate him, I am sure, on his birthday.

## Sadler's Wells and its history

by ELIZABETH FORBES

The Story of Sadler's Wells by Dennis Arundell, David & Charles, £8.95, 352 pages

In 1883, two workmen digging for gravel in the garden of Mr. Sadler's Music-House at Islington, uncovered a stone section of two other springs were disclosed, and Sadler's New Tunbridge Wells became a popular summer visiting place where one could drink the waters and be entertained at the same time.

Dennis Arundell's history of the successive Sadler's Wells theatres, first published in 1968, has been reprinted with three extra chapters to bring his account up to 1977. The new material is welcome though some of it makes melancholy reading — from the theatre's point of view — as history repeats itself and the Sadler's Wells Opera moves to the Coliseum to become the English National Opera, just as 20 years before the Sadler's Wells Ballet moved to Covent Garden to become the Royal Ballet. But the fascination of a compelling story lies mainly in the first half, which chronicles two centuries of theatrical development and social change.

At the beginning of the 18th century, when Sadler's Wells was surrounded by open fields, footpaths and a serious danger and shows started early to end before dark; later, the times of moonlight or "Cynthia" were advertised for the convenience of patrons. Rough manners and local audiences were diluted by better behaved spectators as the fashionable world discovered the road to Islington and the neighbouring land was built over. Programmes were astonishingly varied, with music, dancing, singing, melodrama, pantomime, tumbling and wire-walking. Favourite performers included Signor Ferzi, who went through military exercises on the tightrope "to the satisfaction of all the Gentlemen of the Army who were present."

Another attraction was Moustache, the canine star, who

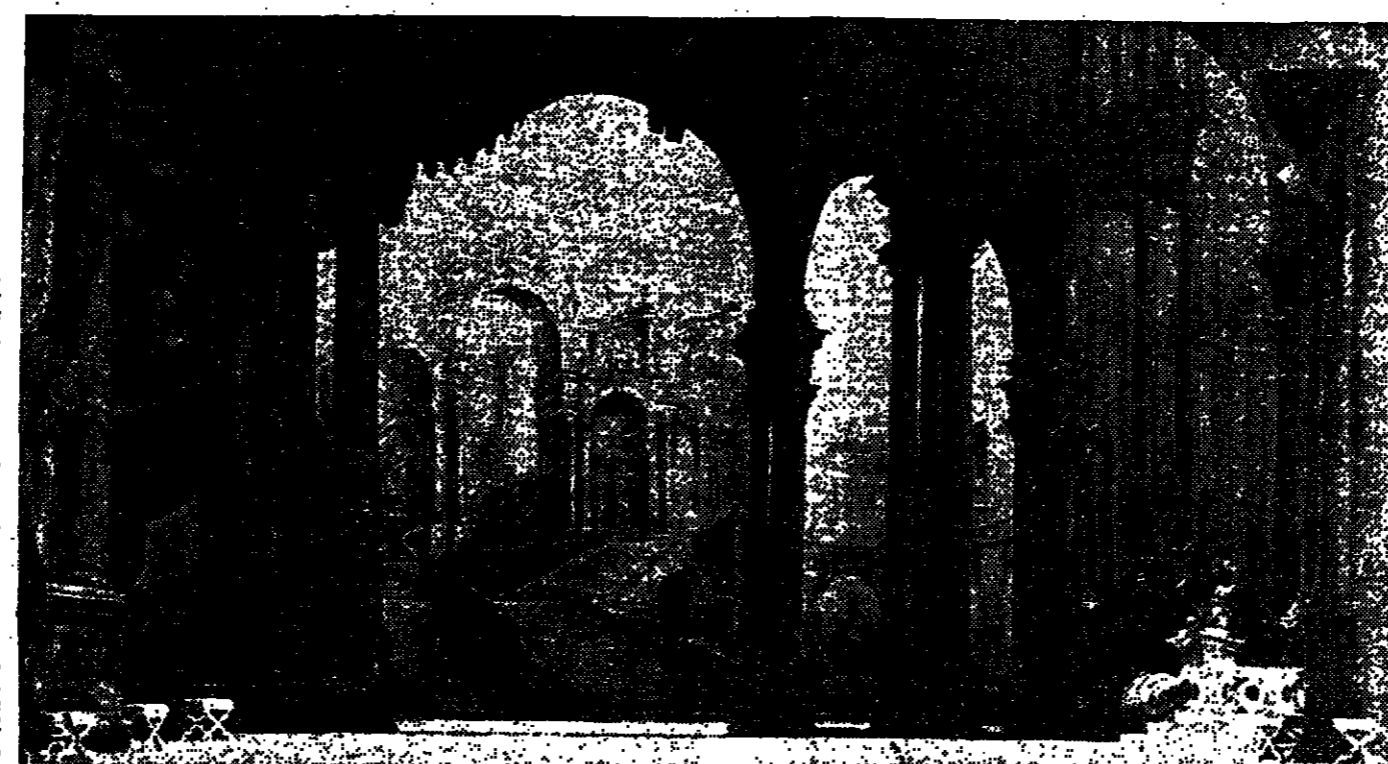
## Sing Happy

by B. A. YOUNG

D. G. Associates and director Kim Grant have worked hard at making a Sondheim-Coward-Porter show from the songs of John Kander and Fred Ebb, but all they have made is a concert. They have extracted songs from seven Broadway musicals, of which only *Cabaret* crossed the Atlantic plus two films and television shows, and these are ably put over by a cast of three girls and a boy.

But Kander-Ebb songs are mostly one-idea songs. Not Coward's songs, and Stephen Sondheim's, and Cole Porter's, can stand alone as self-contained items, because the ideas are developed and distributed throughout, and seasoned with ingenious rhyme-schemes and so on. Kander and Ebb write attractive tunes, but they don't deal much in wit. Their songs need a context, or at the very least a commentary, such as Ned Sherrin provided for the Sondheim anthology.

Wit does occasionally surface, usually in songs with a long narrative line such as "Ring Them Bells," which is handsomely belted out by Liz Robertson, or "Bo Bo's," equally handsomely done by Isabelle Lucas. There is some out-and-out humour, "Class" (from *Chicago*), is hilarious as sung by Miss Lucas and Maureen Scott, two hookers condemning the current fall in good manners observing such a detail.



The late Oliver Messel's design for the third act of "The Sleeping Beauty" as performed by the Sadler's Wells Ballet at the re-opening of the Royal Opera House, Covent Garden in 1946. This is one of 300 designs, 25 in colour, which appear in Design for Ballet just published by Studio Vista. This lavishly illustrated book is written by Mary Clarke and Clement Crisp, the Financial Times ballet critic, and traces the marriage of ballet and design from the court entertainments of the Renaissance down to work by Warhol and Jasper Johns.

## Hamilton and Fricker by DOMINIC GILL

The days are past when every concert of the Cheltenham Festival would present at least one first performance of a new work by a British composer. Economics at home, as elsewhere in Europe, have taken their toll. But the festival's second day on Sunday did indeed offer a premiere each.

They were both, in now traditional Cheltenham fashion, premieres of the older school. The more substantial, and perhaps the more surprising, was a commission from Iain Hamilton (b. 1922) given in the Town Hall by the BBC Symphony Orchestra under David Atherton and broadcast later the same evening on Radio 3 — Cleopatra, a 20-minute "dramatic scene" for soprano and orchestra, unblushingly romantic in cast, unequivocally tonal (the centre is B minor): unexpected but splendidly uncompromising essay from this hitherto not notably indulgent composer. The English text, a plain monologue, wisely low-keyed, is Hamilton's own. The scoring, for full symphony orchestra, is lush: soulful reeds against harp, big block chords at climaxes, delicate melismas of flute against strings. The harmonies are chromatic and free-reined: an opulent soprano line carried forward (though without any sense of direct pastiche) on a groundswell of Rachmaninov and Strauss. This almanac has reported greater neo-romantic storms and tempests. But on its own terms, skilful and unpretentious, and notably uncloying. Cleopatra works. Radio listeners, as well as concert-goers, can hear it again when it appears at this year's Proms.

In the same orchestral programme we also heard Brian Newbould's excellent new realisation of Schubert's other unfinished symphony, the seventh in E major — known until now only in Welsgartner's ineffectual and unstylish version (published by Universal), but by Newbould much more scrupulously served: a brilliant piece of practical scholarship which offers us no less than a new Schubert symphony intact, as well as helping to fill out for us, as the author intends, the stylistic gap between the early and late orchestral works. It should be taken into the repertoire quickly, and for its lovely andante alone, heard often in the concert hall.

The other new work of the festival's final day was Annisette Fricker, played by a recital of Beethoven and John Ireland by Colin Kingsey. The music gets its title from its date of composition last year, at the time of the Royal Jubilee. But it is not otherwise especially jubilant: a plain man's guide to piano-writing, 23 minutes long done with vigour and clarity, and at its best in the slower music, when it does not moulder with a kind of Messiaenish resonance — but stolidly, without any real leap of imagination or conviction.

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## Austrian Wine.

## Buda Castle rises again

At the end of the Second World War, when Buda Castle was a charred ruin, the Hungarian government made a bold decision: not only would they restore it, but they would also take advantage of its condition for excavating before rebuilding. There was considerable interest in what remained of the medieval palace that was known to be under the present baroque structure with its command of the Danube.

The first phase of the excavations lasted 15 years and long delayed the opening of what was planned now to house the cultural life of the nation. Gradually since the mid-1960s, one part of the palace was opened as a Museum of the Workers' Movement. Part of the National Gallery moved in, and just this year a complex of theatre took up residence in the castle in what was the site of the first permanent theatre in the Hungarian capital, a venue where Beethoven played a piano recital in 1800.

A second phase of excavations began in 1967 and uncovered unanticipated riches that are now on display in uncovered and reconstructed bits of that medieval palace. Some dozen statues no more than three feet high reveal a previously unknown period in Hungarian art, the fifteenth century. One category of work consists of secular statues of graceful knights, courtiers and ladies with their knaves, heralds and ladies in waiting bearing their arms.

The women's long dresses are carved with folds as though being held up in their hands. Knights wear knee-length tunics and belts decorated with daisies. Traces of paint show the knights wore red tunics. One lady's golden curls are reproduced in gold leaf, now barely visible.

The other set of statues depicts religious figures — apostles or prophets and saints — each with a long cloak. A female saint shows remains of blue and brown paint, while one of the apostles has some bluish grey paint on his cloak. The most complete of these figures is a saint, presumed to be St. Bartholomew, holding a leather bag in his right hand and wearing a cloak. His head is uncovered and his outer cloak is open to reveal a tunic belted at his waist.

Unfortunately, except for this St. Bartholomew, one apostle and one knight with a daisy belt, all the heads and torsos were found separately. In the interests of historical accuracy no attempt was made to piece the figures together, even where heads seemed to fit particular bodies.

The Gothic Hall, where the secular statues now stand, was itself buried under another building until excavations uncovered it in 1950. It was reconstructed from architectural fragments, the window-frame, pillars and a springer, and is an important discovery in itself. For it represents the only evidence of what is known to be a flourishing period for Hungarian architecture, when Sigismund, king of Germany as well as Hungary, travelled throughout Europe and sent masters from Paris in 1416 and from Augsburg in 1418 to work in Buda. The lower chapel which houses the religious figures was unearthed intact and reconstructed around the preserved tracery windows and the walls that survived above the level of the springers. It provides evidence of the large scale building that was done in the Hungarian Gothic style of the fourteenth century.

FRANK LIPSCHUS

## Stage-struck

by B. A. YOUNG

Going to Shakespeare, J. C. Trevelyan, Allen and Unwin, £6.95, 283 pages  
My Drama School, Ed. Margaret McCall, Robson Books, £3.25, 202 pages  
My Love Affair with a Theatre by Derek Salberg, Courtney Publications, £4.25, 220 pages

Surely no calling commands so universal a loyalty from those involved in the theatre. These three books are written respectively by a critic, an assortment of players and a manager. None of them suggests that he or she would willingly have had things different.

J. C. Trevelyan offers a kind of Shakespearean Pevensie; he gives each play, from *King Henry VIII* to *King Henry VIII*, a brief survey indicating points of special interest, recounting an anecdote, elucidating a difficulty. Mr. Trevelyan has the most capacious memory of any of my critical colleagues, and can remember — and describe succinctly — his experience of more Shakespearean performances than most of us are likely to see in our lives. The book is ideal for comparative newcomers to Shakespeare: even veterans it has much to provide both in knowledge and in humour.

And the players themselves, how do they achieve their privileged status? In an addition to the series that has included Oxford, Cambridge, Merchant, John Standing.

The theatre with which Derek Salberg fell in love was Alexandra, Birmingham. His book is partly the story of the theatre, which his father owned, and partly of his own connection with it. He began as an ASM in 1932, was managing director five years later (aged 25), and stayed there until his retirement 40 years on.

The fortunes of the Alex may sound like a minority interest to the world at large; but the appendix which lists the companies from 1927 to 1973, when the play ended, suggests a distinguished minority, with names in it like Raymond Hunter, Kenneth Ross, Robin Bailey, Alec McCowen, Zena Walker, Billie Whitelaw, Vivien Merchant, John Standing.

## ANG Associated Newspapers Group Limited

The Annual General Meeting for 1978 of Associated Newspapers Group Limited will be held on Thursday, 10th August, 1978 at 10.30 am at the Waldorf Hotel, Aldwych, London, WC2.

	1977	1978
Earnings from Trading	£10,000	£10,000
Share of Earnings of Associated Companies	1,801	1,777
Earnings before Taxation	15,481	12,013
Extraordinary Items	(1,177)	645
Group Earnings	6,141	6,389
Dividends for Year	5.811p	5.151p

Extracts from the statement of the Chairman to be presented to the Annual General Meeting.

In the year to March 1978 the Group achieved earnings before taxation of £15.5m compared with £12.0m for 1977. With inflation having run at the rate of 9 per cent over the period these results show a real improvement on last year.

The highly successful Daily Mail continues to contribute towards group earnings. The improvement in the Evening News has been well received by readers and the advertising industry.

The earnings of provincial newspapers showed an improvement as a result of increased advertising volumes in the latter part of 1977. Rising costs were offset by higher advertisement rates and cover prices within the Government's price control regulations. As part of the modernisation programme, new buildings are being constructed for our newspapers in Derby and Torquay. They will house the new photocomposition production systems which together with high-speed presses will allow for the future expansion both in paging and circulation.

During the year your Board decided to invest in Esquire in the United States of America. The magazine has been redesigned and was relaunched as a fortnightly magazine last March. It is well received by readers and the advertising industry. As a matter of prudence the initial costs to date have been written off.

As has been publicly announced your Company acquired controlling interest in The Wyncham Theatres Limited, a group which includes the famous Albany, Criterion, Piccadilly and Wyncham's London theatres. This investment provides your Company with a substantial participation in London's growing entertainment and tourist industry.

The group has an 11 per cent interest in Consolidated Bathurst from which the rate of dividends has been maintained at approximately the same level as last year. Net earnings contributed £2.71 per common share compared with net earnings of £2.28 per common share in 1976.

Earnings from our North Sea oil investment were reduced as a direct result of the decline in the rate of production from the Argyll Field. Since the result of further exploratory drilling on other licence areas was disappointing full provision has been made against this Company's expenditure on those areas proving unproductive.

The Government has announced that it intends to contain wage increases within appropriate guide lines. In such circumstances it would be possible for earnings to be maintained but in order to make real progress it is necessary for there to be a general increase in productivity. This is vitally important as there is a real danger of a serious increase in inflation in 1979/80.

Associated Newspapers Group Limited, Carmelite House, London, E.C.4.

## FINANCIAL TIMES

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Tuesday July 18 1978

## A realistic summit

THE SEVEN Western leaders have not pulled any rabbits out of a hat at their Bonn summit. The economic package endorsed by yesterday's communiqué is both modest and largely as expected. Indeed many of the communiqué's specific commitments had already been undertaken or foreshadowed in recent weeks. In the days immediately preceding the summit, most of the participants had cautioned public opinion against expecting too much from Bonn.

## Energy

In some respects, however, the economic agreement does go a little further than expected. Mr. Takeo Fukuda, of Japan, has taken a very firm undertaking to limit the volume of his country's exports and the extent of West Germany's commitment to a higher growth rate was in doubt until the last minute. President Carter has not spelled out the details of how he hopes to secure the passage through Congress of a "comprehensive" energy policy by the end of the year, but he has at least solemnly reaffirmed the programme's overall objectives. Italy's pledge to stimulate growth next year is a surprise addition to the package. The UK had long made it clear it would have little extra to contribute on the growth front.

The major departure from past summits has been one of style. The seven leaders have left each other much freer than in the past to decide what measures their national economies, and political situations, will tolerate. As Mr. Fukuda pointed out yesterday, there has been a lull in the strident hectoring of the recent past, in which Governments openly criticised the policies of others and urged them to do better. The new approach follows naturally from the decision to abandon rigid and usually unobtainable growth targets like those set by the Downing Street summit last May. While Herr Schmidt, Chancellor, has been largely responsible for the demise of targetting, it must by now be obvious to most Heads of Government that the setting of over-ambitious objectives does more harm than good.

Herr Schmidt, however, seems to have had less success in persuading his colleagues of the merits of his new plan for European monetary stabilisation, worked out in consultation

with M. Valéry Giscard d'Estaing, the French President. After blowing cold then warm towards the idea, Washington is now blowing cold again—possibly because it now realises that Herr Schmidt and M. Giscard d'Estaing are really serious about their proposals. President Carter and his officials in Bonn made it quite clear, like the UK, that they will want to study the details in much greater depth before committing themselves, and Mr. Fukuda also showed extreme caution. The principal American concern appears to be that the scheme could prevent the desired appreciation of hard currencies, while forcing deflationary policies on the weaker European economies. Mr. Fukuda is worried that it could lead to increased speculative pressure on the Yen.

Economic and monetary matters apart, the decision to step up the pressure in the international fight against terrorism is a noteworthy step forward. There has been much talk of the need for sanctions against countries that offer sanctuary to hi-jackers and terrorists, but so far little or no action. What is important now is that the seven Governments do not flinch from carrying out their threat to suspend air traffic connections with offending countries when they are confronted with the first test case. It would also obviously be helpful if as many Governments as possible can respond to Herr Schmidt's appeal to support the action by the seven.

## Credibility

The Bonn agreement is not, of course, going to solve the problem of international terrorism—any more than the economic package is going to solve the world's economic and social problems. Of that the seven Heads of Government are fully aware. Indeed, one of the more notable aspects of the summit has been a greater sense of realism than that, for example, which prevailed at Downing Street last year. The Heads of Government have refrained from setting themselves impossible objectives, while at the same time pledging themselves to much more determined efforts to ensure that those aims they have agreed will be met. In the face of such intractable problems, international summitry can best retain its credibility by not raising its sights too high.

## Constraint of pay policy

THERE ARE sharp differences of opinion about the merits of pay restraint. Some people believe that in principle and practice it is likely to do more good than harm while others believe precisely the opposite. On both sides of the debate, however, there is a general agreement that the degree of rigidity inherent in any pay policy which is likely to influence the climate of wage negotiations will breed anomalies, and consequential inefficiencies in the allocation of resources. The longer that pay policies are maintained, the worse will be the anomalies and the more serious will be the inefficiencies.

## Responsibility

At the beginning of the present pay round last summer, the Government endeavoured to provide some scope for flexibility by indicating that it would prefer to see pay negotiations conducted on a basis that would limit the national average increase in earnings to 10 per cent. It was, however, soon forced into imposing greater rigidity, both in its own role as an employer in the public sector and through its dealings with individual firms in the private sector, when it became apparent that 10 per cent had become the minimum level at which most groups of workers were prepared to settle. At the same time, to prevent the policy breaking down and to satisfy the claims of groups in the public sector for which the Government has a special responsibility, Ministers bit upon a formula under which an immediate 10 per cent increase would be followed by further increases to be staged over periods of up to two years.

This formula has now been used to settle the claims of a number of groups, including the firemen, the armed forces, senior public servants, and doctors and dentists. But it was first devised to deal with police pay. The committee of inquiry under Lord Edmund-Davies, whose report was published yesterday, had originally been appointed to review the police negotiating machinery following the withdrawal of the police federations after disputes over the application of earlier phases of the Government's pay policies. When a further dispute last autumn was accompanied by warnings from the Metropolitan Police Commissioner that Ministers were in danger of being faced by strike action—something which the police are forbidden by law to do—the Government offered to pay an immediate 10 per cent increase and to extend the committee's terms of reference to include pay.

The increases in pay averaging about 40 per cent and the re-structuring of pay levels which the committee has recommended are based not so much upon the idea of restoring comparability with other occupations but are intended to overcome the recruitment difficulties and serious problems of wastage which have been recently manifest and to offer some prospect for the long serving constable. By insisting that the increases in police pay be phased, the Government may be undermining the potential benefits of the committee's findings for police recruitment.

The wider point, however, is the question of devising a flexible approach to pay policy which can accommodate the necessary adaptations to reality without a renewal of general wage-inflation. The Prime Minister has been talking of wage increases of around 5 per cent over the next year. If the Government is led into trying to apply this or any other figure in a manner which further compresses differentials and prevents adaptation to market pressures, the policy will contain the seeds of its own undoing. It has got away with it by making special cases of the police and other groups this time but the formula is unlikely to work a second time round.

## WORKER CO-OPERATIVES

## First tentative steps along a Spanish-style road

DURING THE past couple of years there has been a sharp change in the general attitudes towards worker co-operatives, which have not so far played a significant role in Britain's economy. The latest and most important evidence of this change has come in two recent developments. One is the creation, under new legislation, of a Co-operative Development Agency to help foster co-operatives, and the other is a decision by the Co-operative Bank to start helping to finance worker-funded enterprises.

Together these events could lead to a new generation of small worker co-operatives growing up in Britain, and at the same time enable the Co-operative movement to expand from its primarily consumer-oriented base. The lack of past interest in co-operatives is the result of both political and practical factors. The main factor is that the Labour movement has concentrated on nationalisation as a means of changing the basis of industrial ownership and, on the trade unions for handling the affairs of the individual at work. This has left co-operation mainly to the wholesale societies and their High Street shops. As a result there has been little or no trade union interest in worker co-operatives except when they provide rapid solutions to factory closure and redundancy problems.

On a practical level most co-operatives that have tried to start have failed through lack of sufficient finance and management expertise. On top of this, the experiences of the co-operatives at the Meriden motorcycle factory, the Scottish Daily News, and Kirkby Manufacturing and Engineering's Merseyside plant—all of which were saved from closure in 1974 during Mr. Anthony Wedgwood Benn's era at the Department of Industry—served to transform public and political opinion from a state of disinterest to one of opposition. The two survivors—Meriden and Kirkby—are still facing problems.

Now attitudes are changing. All the main political parties regard co-operatives with some favour, and several efforts are being made to help them. There are various reasons why this is so. First, there is the general issue of industrial democracy and employee participation which involves a debate about the individual's rights at work in relation both to management and the providers of capital. Some people, including the Liberal Party, like the idea of co-operatives because there can be greater worker influence without increased trade union power, and they regard the idea of workers owning and running their businesses as a primary way of

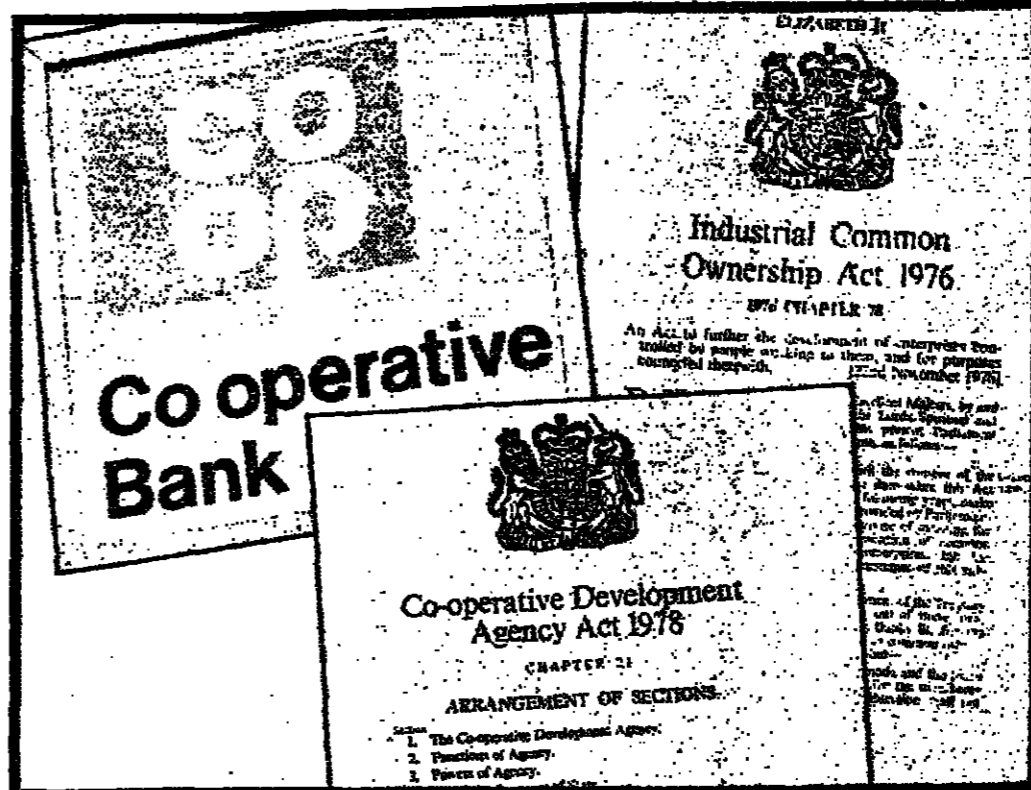
reducing industrial conflict. Next the growth of the "small is beautiful" fashion—and the current political interest in helping small firms—has concentrated peoples' minds on how small enterprises can be funded and organised. Then there is the interest—mainly in the Conservative and Liberal Parties in trying to nourish the concept of individual capital ownership, which can be achieved for employees either through profit-related share-ownership schemes or through co-operatives.

Moving further to the Left of the political spectrum—where there is more interest in collectively-funded, rather than individually-owned co-operatives—the subject is sometimes seen as an alternative to traditional nationalisation. Mr. Norman Atkinson MP, the Tribune treasurer of the Labour Party, said recently at the Congress that "straight orthodox nationalisation" should be replaced by "forward-looking systems of co-operative self-management." Many of Mr. Atkinson's colleagues regard his remarks as somewhat far-fetched to put it mildly; but what he said does reflect a widespread disenchantment within the Labour movement with the central bureaucracies that run the nationalised industries. It should also be noted that one of three methods favoured by the Labour Party for taking the building industry out of the private sector is the creation of worker co-operatives. And of course the Prime Minister saw the political mileage this spring in helping the new Co-operative Agency's legislation through Parliament.

Two other recent events have also given the idea a boost. The increase in recent years of company failures and factory closures at a time of high unemployment has led workers facing redundancy to consider forming co-operatives. The Manpower Services Commission's job creation scheme has helped by spending £1.1m in backing what it calls enterprise workshops.

In all 33 of these co-operatives have been started, mainly in woodworking, plastics and similar trades. They have created about 300 jobs and, while only a few are likely to be viable enough to survive once the year-long job creation aid expires, others will probably be started in the future under the Commission's continuing special employment programmes.

The other event is the "discovery" of a community of co-operatives at Mondragon in the Basque area of Spain. Two years ago hardly anyone in Britain had heard of Mondragon where, over the past 21 years, more than 70 successful



enterprises with a combined annual turnover in excess of £200m, and a labour force of 13,000 have been built up around a bank called the Caja Laboral. This bank takes in savings from the local communities and then invests in co-operatives which it also provides with essential managerial and other expertise. A report last year funded by the Anglo-German Foundation for the Study of Industrial Society showed how such a bank could become the pivot of a community of co-operatives by filling the financial and managerial gaps that have bedevilled them in Britain.

The report aroused the interest of people as diverse as Mr. Jo Grimond, the former Liberal Party leader, Sir Arnold Weinstock, whose General Electric Company helped the Meriden motorcycle co-operative in its troubles 18 months ago, and Sir Arthur Sugden, chairman of the Co-operative Bank which is now tentatively taking the first steps along a Mondragon-style road.

## Three main camps

At present the few British co-operatives fall into three main camps. First there are those born out of industrial failures—Meriden and Kirkby. These have sprung from the sit-in form of defensive worker reaction to imminent redundancy and, in fact, are only co-operatives in the sense that they are worker-managed; they are not worker-owned because they are mainly State-funded,

often with workers having only a £1 nominal shareholding. The job creation enterprises also fall into this category so long as they are primarily relying on Manpower Commission funds.

Next there are about 20 older co-operatives embracing nearly 2,000 workers, mainly in the shoe and textile industries. With a turnover in 1973 of £5.8m, they are the sole survivors of those producer co-operatives formed in the latter part of the 19th century.

The third group is the most significant at present and is centred around an organisation called the Industrial Common Ownership Movement. It embraces 15 collectively-owned enterprises and has evolved from the initiatives of Ernest Bader who turned his own family-owned chemical concern in Northamptonshire over to a trust for his workforce between 1951 and 1963. Other entreprenurs have, primarily for paternalistic or tax-avoidance reasons, taken similar steps in recent years and the reconstitution of old family concerns is regarded as a likely source of future co-operatives. But the main significance of the Movement is that it was given a fresh role by the Industrial Common Ownership Act, 1976, which emerged from a private members' Bill and was backed by the Labour Government. The Act gave the Movement £250,000 from the Department of Industry to spend in revolving loans to would-be co-operatives through a new organisation, Industrial Common Ownership Finance. So far £33,500 of this has been drawn and allocated to co-operatives.

The passing of the Act and

within the co-operative because of the friction it could cause. At Mondragon in Spain workers invest up to £1,000 each, sometimes borrowed and then repaid out of wages, and the Caja Laboral Bank then doubles the proceeds. The Spanish Government also provides some funds.

Taking up this idea, which it has studied, the Co-operative Bank says that all, or nearly all, the workers in a venture should be shareholders putting up £500 to £1,000 each. The bank would then double the amount with three-to-seven year loans at favourable rates up to a £25,000 ceiling. Because most co-operatives start with about eight to 20 people, the bank envisages that most of its loans will be nearer £5,000 than £25,000.

Many workers may have problems in finding their initial stake (unless they have just received a big redundancy lump sum payment).

But the Co-operative Bank seems unlikely to be prepared to water down its criteria, or change the amounts it is prepared to lend, unless a future Labour Government introduced a State guaranteed scheme to safeguard its loans. Such an idea is unlikely to appeal to a Conservative Government. The bank says that its current rules about the workers' financial involvement are essential to balance the risk it will be taking with its loans. This is because the rules provide a high personal worker-commitment to the enterprise.

Another problem to be faced by the bank is that it does not at present have the sort of analytical and industrial managerial expertise that it will need to identify prospective winners and losers, especially when such a judgment means deciding not only whether a product is viable but whether the would-be co-operators can survive together for long. It is therefore likely to send applications for cash to various co-operative and other concerns where their viability can be tested, and their problems ironed out.

Life will therefore not be feather-bedded for would-be founders of industrial co-operatives. Nor will the traditional problems of conflicts between the interests of capital, management and labour vanish overnight. All concerned in the new initiatives are determined that, as Mr. Alan Williams, Minister of State for Industry, has put it, with Meriden and Kirkby in mind: "The co-operative form of organisation should not be seen as a way of rescuing industrial disasters." This is because they want to make a success of their chance to show that workers' co-operatives could provide an alternative pattern of ownership for parts of British industry.

## MEN AND MATTERS

## How to go asset ripping

Two men on a public bench in the forecourt of the Bank of America, across the road from Bracken House, were yesterday morning busily destroying 200 copies of the Financial Times. The Shepherds laid out £30 of their 200 copies of the FT; they see it as a fair gamble, hoping to cover the outlay if only one application form proves lucky, and much better if two or more hit the jackpot. They rely, of course, on the issue being successful and on the small application being favoured over the institutional one. It is also one thing daily to tear up papers on a summer's day, but quite another to complete all 200 application forms.

and put out to ballot, the Shepherds reckon that as "private investors" the more forms they fill in the better their chance of getting a slice of Jones the Jewellers. On offer are 1.5m shares at 115p each, with a minimum application on each form of £200. The Shepherds laid out £30 of their 200 copies of the FT; they see it as a fair gamble, hoping to cover the outlay if only one application form proves lucky, and much better if two or more hit the jackpot.

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## Poetic licences

If the many Brazilians applied the wit to promoting exports that the few apply to tricking the authorities it would be, as 1066 and All That says, a good job. But instead, 1978 is proving to be the year of the "con job." The current estimate is that so far \$170m has been spirited out of the state's coffers as tax rebates on phantom exports. The fact that a special division of the Treasury controls all export transactions has not prevented 230 "exporters" in the Sao Paulo area alone from shipping old bricks in crates marked as shoes; friendly crews then dump these into the sea. Their other conjuring tricks include preparing crates of machinery which, before you can say lathe turn out to be empty.

Another ruse exposed in the local press is now being investigated by the authorities. This led to the state being swindled out of an estimated \$10m of credits for fertilisers and

machinery which never were. But it is the exports which are where the real fantasy has been evident—not least in the case of the company which ostensibly switched from screws to saucapans and then told the export bureau that it had an order for 9m saucapans from neighbouring Uruguay. That would have been quite a coup; it would have meant three pence for each Uruguayan man, woman and child.

For 1978 the estimate for fraudulent export rebates is \$56.5m, which shows that even if the Brazilian authorities can not catch this golden goose, many Brazilians know how to make it lay.

## Numberless

Rarely has a court been so deluged with advice as was the Federal District Court in Minnesota about a case which can go down in history as a rare victory over the demands of the ever-encroaching computer.

The case, in re Dengler, was brought by a man who wanted to change his name to a number. In an age when American Express cards run to 15 digits, Dengler's demand was modest enough. He wanted to be known as 1069.

Some of the people whose letters poured in thought it was a "bright, creative and intelligent idea" or that democracy should allow individual choice. But the court was not convinced. It admitted that the use of digits to identify people was "not uncommon in our computerised and bureaucracy-laden society." On the other hand, it recalled the dark days of the branding of concentrated camp prisoners and found that to impose numbers on society is "an offence to human dignity and inherently totali-

tarian." It would also, the court found, "provide additional nourishment on which the illness of de-humanisation is able to feed and grow to the point where it is totally incurable." Perhaps the Department of Transport might take note. Our driving licences now have six letters and 24 digits to identify them.

## Moscow mirror

A new monthly magazine, Religion and Freedom, has just sold out its first issue: this is in large part a reflection of British anxiety about the heavy sentences imposed on Soviet dissidents Schcharansky and Ginzburg. The editor of the new magazine, David Kelly, is a former Reuters correspondent and has a feel for topicality, but he never expected events in Moscow to be so closely mirrored by his first number. Four major articles examined the conflicts between communism and freedom. Kelly was also gratified to be carrying an advertisement for the Moscow-based journal Soviet Union: ironically enough, it was headlined "A Closed Society".

Although Kelly is a Catholic, he is insistent that he is not trying to proselytise. His next issue will carry a report on differences of opinion between Jewish groups in Moscow. While delighted in selling out his first 10,000 copies, he will keep editing the magazine from his Greenwich home — and maintain his links with City stockbrokers Laurence Prust, for whom he does research. "Starting a serious magazine these days is not the most obvious way of growing rich," he admits.

Observer

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## Car crisis remains

THE PERENNIAL crisis which  
Birmingham has lived with in  
the motor industry for the last  
four years shows no signs at  
present of going away. Having  
changed its management once  
in 1975, BL — the old British  
Leyland — has now changed it  
again. In the process its organ-  
isation has been totally shaken  
up and a whole new set of ideas  
brought to the question of try-  
ing to make it profitable. No-  
one as yet can say whether  
these will stop the rot and es-  
tablish a base, albeit smaller  
than in the past, from which  
BL can consolidate its position  
in world markets.

The main lines of the impact  
which the Leyland revamp will  
make on the Birmingham area  
are already clear. The two  
divisional companies for the car  
operations, Austin Morris and  
Jaguar Rover, will both have  
a very large preponderance of  
their activities in and around  
Birmingham. The Longbridge  
plant, employing upwards of  
20,000 men, will be the site for  
the new Leyland small car; and  
Solihull, the Rover headquarters,  
will be the main site for luxury  
car assembly, along with production  
of the Land-Rover and Range  
Rover models.

Each of these groups of car  
activities will be run separately  
by their own management  
teams, although the BL Cars  
holding company will have a co-  
ordinating role. The intention  
of this new structure is to make  
each of the main production  
areas much more clearly  
accountable. Manufacturing is  
to be brought closer to market-  
ing, the old marque names re-  
vived, and individual plants  
to be given their heads to make  
a profit. At the same time, the  
clearer identification of profit-  
able areas which will ensue will  
— at least in theory — make it  
easier to prune out the poorer  
performers in the BL empire.

Underlying this purely struc-  
tural manipulation, there is,  
therefore, an important com-  
mercial objective. This is to im-  
prove efficiency and produc-  
tivity, and with it the profits  
record. The clear implication of  
this, however, is that there must  
be changes in manning and  
changes also in working prac-  
tices. The new Leyland man-

## Pruning

agement has made it clear that  
it regards these areas as priori-  
ties in its battle to make the  
company viable.

Already there is a programme  
at Longbridge to reduce the  
workforce by about 3,000 and  
in the longer term it is difficult  
to see virtually any of the BL  
plants being able to sustain  
their present levels of employ-  
ment in the face of keen inter-  
national competition on produc-  
tivity. The Austin Morris plants  
in particular lie close to the  
bottom of the world league in  
productivity, and need at least  
to double output per man to  
put themselves on a par with  
their European competitors.

The indications are that the  
new BL management will pro-  
ceed on a wide front to im-  
prove performance. First, it has  
already put behind it the method of invest-  
ment freeze threats as a means  
of persuading the workforce to  
stay at work and improve  
performance. Mr. Michael  
Edwards, the new chairman,  
has made it clear that he does  
not believe that such methods  
work — they are too remote, and  
too secondary to the immediate  
task of managing and running  
the factories.

More than anything else,  
heavy capital investment has  
been the driving force in the  
motor industry of the most  
successful countries — Japan, for  
example, is still forging ahead  
with big new projects which  
will streamline its factories still  
further. BL has faced two  
problems on this front, first  
getting the right manning level  
for the level of mechanisation,  
and second, raising the funds  
for the investment in the first  
place. Some of the Midlands

factories are ill-equipped in  
there may be new engine-  
making facilities, following the  
recent £38m investment in the  
manufacture of the new O  
Series engine which goes into  
the Princess and is designed for  
other models as well.

Solihull, the other main site  
for new capital investment, has  
already had a significant in-  
jection over the last few years,  
and the new small programme  
would at least, if successful,  
stop the slide in production at  
Longbridge. Alongside these  
developments would go all the  
peripheral investment in body,  
engine and transmission parts  
which would give additional  
business to the Midlands.

But there still remains an  
enormous risk that Leyland  
could be pulled further into its  
vortex of decline before these  
products and expansion pro-  
grammes bear fruit. It needs  
new cars to revitalise its image,  
and it needs new investment to  
revitalise the factories. But in  
the meantime it has to improve  
on the present sluggishness in  
investment, and to retain its  
sales at a reasonable level.

Terry Dodsworth

the opportunity to re-open  
bargaining on manning levels.  
At the group's annual meeting  
recently, Mr. Edwards re-  
marked pointedly that he  
believed that the ability to earn  
extra money could provide a  
great stimulus to the workforce  
in the BL factories. It could  
certainly be a means of breaking  
the present deadlocks which  
have led to a virtual ossification  
of the present systems.

Alongside these moves on the  
labour front, investment is also  
planned to play an important  
role in revitalising the Midlands  
base.

## Injection

When completed, the project  
will involve the injection of  
some £250m. Although not all of  
this will be going into the  
Longbridge production lines, it  
will embrace a new body weld-  
ing hall which is currently being  
constructed, and eventually a  
significant reorganisation of the  
assembly facilities. In addition,

there may be new engine-  
making facilities, following the  
recent £38m investment in the  
manufacture of the new O  
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the meantime it has to improve  
on the present sluggishness in  
investment, and to retain its  
sales at a reasonable level.

Terry Dodsworth

Components make a  
major contribution

BIRMINGHAM IS at the centre  
of the UK's biggest sub-  
contracting area. It has a world  
reputation for being able to turn  
its hand to almost anything, evi-  
denced by the 1,500 different  
trades that are carried on  
within its boundaries. While  
the range of product is of rain-  
bow proportions, from buttons  
and badges to aerospace con-  
trol systems, the bulk of the  
output goes into the transport  
industries.

As a major centre of the car  
industry the bias is understand-  
ably towards this sector, but  
production covers all forms,  
from bicycles and go-karts to  
ships: many of the berths and  
much of the hospital, catering,  
and more technical equipment  
originates in the city. In the  
larger companies it is not un-  
common to see quite disparate  
items for the motor and general  
engineering industries being  
run in double harness, so to  
speak, either as part of a policy  
of deliberate diversification or  
through the application of  
similar skills to new products.  
This wide-ranging, enterprising  
attitude is what gives Birming-  
ham the industrial vitality and  
competitiveness that has in the  
past so effectively helped it  
to protect it from the worst  
impact of recessions.

## Decline

But it was inevitable that in  
the post-war heyday of the  
British motor industry, before  
what became British Leyland  
started on its long decline to a  
state-dominated concern, when  
Rover, Standard, Triumph,  
Austin-Morris, Jaguar, Guy  
Motors, Daimler and others  
were all competing fairly pros-  
perously, that demand for  
between 2,000 and 3,000 dif-  
ferent items, from fasteners to  
tyres and cylinder blocks,  
should draw in an increasing  
number of suppliers.

With vehicle assembly lines  
drawing roughly two-thirds of  
their requirements from general  
and specialist suppliers the  
expanding market was far too  
big to be ignored. Birmingham  
(and Coventry, too) got rich on  
the back of the industry and  
companies like Dunlop and  
Lucas, which had followed, and  
sometimes preceded, the motor  
industry's post-war export drive,  
began to develop worldwide net-  
works. A combination of thrust-  
ing competitiveness, high tech-  
nical quality and marketing  
expertise has stamped the  
names of Birmingham-made  
motor components and acces-  
sories across the world.

The history of the transport  
industries is studded with  
names that are household words  
far beyond Birmingham, where  
they have their headquarters or  
major plants. These include  
Tube Investments, GKN,  
Triplex, Burman, Birmid Qual-  
cast, Lucas and Dunlop. Dunlop  
was among the first into  
Europe, opening a tyre plant in  
Germany well before the First  
World War. Its tyre manufac-  
turing headquarters at Fort  
Dunlop, in north Birmingham,  
was until the early 1960s asso-  
ciated with land speed records.  
Four or five years ago it with-  
drew from Formula 1 racing to  
concentrate on more mundane  
developments for rallying and  
saloon and sports car racing,  
while not by any means ignor-

ing items like tractor tyres. At  
Fort Dunlop nearly 8,000 are  
employed making a wide range  
of tyres from go-karts to earth-  
moving equipment at £9,000 a  
tyre.

Across the other side of the  
city Triplex is building a £10m  
plant planned to come into pro-  
duction by the end of the year  
to meet the demand for its  
brilliantly conceived Ten-  
Twenty advanced windscreen  
that combines the virtues of  
laminated and toughened glass.  
First used on the Rover, it is  
now also on the new Princess  
and the new facilities will mark  
its entry into much wider  
markets.

At the midway point between  
these two very different leaders  
in the components field is a  
third, Lucas, whose head-  
quarters are only a stone's  
throw from the city centre. Not  
only is Lucas in the forefront  
of more conventional products, but  
it is preparing for the years  
ahead when oil will no longer  
be able to provide all the needs  
of the growing transport  
industry. The group is intensi-  
fying its development of  
electric vehicles, concentrat-  
ing on vans and trucks, and  
claims to be among the world  
leaders in the development of  
control systems for battery  
operated vehicles and of lead  
acid batteries.

A fourth, Hardy-Spicer, not  
far from Fort Dunlop, illu-  
strates yet another aspect of the  
way in which Birmingham com-  
panies are helping the British  
component industry to keep  
ahead of worldwide competi-  
tion. In collaboration with other  
developed lightweight alloy and  
carbon fibre propeller shafts  
expected to play a prominent  
part in the drive, especially in  
grown product, but in some

the U.S., to lighten vehicles so  
that they will use less fuel.

Since the first tentative large-  
scale attempts to develop export  
markets — largely as the result  
of the failure of the U.K. motor  
industry to expand and its more  
recent abject failure to defend  
its home market — component  
makers have come to  
dominate world markets and are  
the UK's biggest exporters of  
manufactured goods, in addi-  
tion to having established sub-  
sidiaries or joint venture  
companies in Europe, America,  
South America, and the Far  
East. All the major European  
vehicle producers have perma-  
nent purchasing offices in the  
UK. One of the biggest, and  
oldest, is Volvo, whose office is  
in Birmingham. It keeps contact  
with 225 British suppliers which  
last year contributed some  
£70m worth of products, bring-  
ing the British content of the  
only is Lucas in the forefront  
of more conventional products, but  
it is preparing for the years  
ahead when oil will no longer  
be able to provide all the needs  
of the growing transport  
industry. The group is intensi-  
fying its development of  
electric vehicles, concentrat-  
ing on vans and trucks, and  
claims to be among the world  
leaders in the development of  
control systems for battery  
operated vehicles and of lead  
acid batteries.

## Adverse

Last year overall exports of  
components and accessories  
rose yet again, to £1,638m,  
to help offset the adverse bal-  
ance of trade in cars (exports £752m,  
imports £1,300m). This was a  
magnificent achievement, but  
the high rate of imported cars,  
up to every other one sold in  
the U.K. in some months, is  
sucking in component imports.  
This is especially so as far as  
Japanese cars are concerned,  
and Concessionaires and franchise  
holders are attempting to limit  
replacements to the home-  
grown product, but in some

instances British-made parts  
have been or are being  
substituted.

The result of the rising scale  
of imported components, up 40  
per cent in 1976 and again by  
almost the same percentage  
last year to £770m, has been  
to eat into the lead established  
by exports for the first time in  
a decade. This narrowing of  
the surplus of exports over imports  
is expected to continue. Mr.  
Alan Williams, Minister of  
State for Industry, warned  
recently that if the 1977 rate  
of increase of imports con-  
tinued the motor industry  
could become a net importer  
of components in five years. He  
rightly underlined the impor-  
tance of this sector of the  
industry's role in the country's  
balance of payments, making a  
net contribution of £700m a  
year. But the prospects are  
chilling.

It had seemed that the firmer  
control that BL's new chair-  
man, Mr. Michael Edwards,  
was exerting would mark a  
turning point in its fortunes.  
But the recent Rover strike  
does nothing to encourage that  
view. Stoppages at component  
companies in the Birmingham  
area have also been to blame  
for the poor showing of the  
motor industry.

About half the 200,000  
employed in the motor industry  
supply factories work in the  
Midlands, a high proportion of  
them in Birmingham. It is clear  
that the prospects of settled  
employment for very many  
Birmingham workers crucially  
depends on a concerted effort  
by the motor industry and its  
suppliers, especially until the  
tractor industry returns to full-  
time working.

Peter Cartwright

Labour problems  
could lie ahead

BIRMINGHAM'S EMPLOYERS  
are apprehensive about what  
will happen to wages when the  
Government's Phase Three  
policy of pay restraint runs out  
at the end of this month. The  
mood is considerably more  
relaxed than 12 months ago  
when there were fears that the  
autumn pay round could herald  
a wages explosion. Many per-  
sonnel directors will confess in  
private to relief and mild sur-  
prise at how well pay problems  
have been contained.

The single event which did  
most to undermine the cam-  
paign by militant shop stewards  
for a return to unrestricted free  
collective bargaining was the  
"we want to work" revolt by  
workers at BL Cars' Long-  
bridge plant, Birmingham, last  
August. The leading shop  
stewards called for an all-out  
strike in support of their pay  
claim but were unable to carry  
the full membership. One in  
three of the workers voted  
against action and, following  
protests and marches round the  
factory, the strike was  
abandoned.

## Successes

Not even the well-publicised  
bargaining successes on behalf  
of lorry drivers by Mr. Alan  
Law, a Midlands secretary of the  
Transport and General Workers'  
Union, prompted the flood of  
high level pay deals that many  
feared. Mr. Law claimed one  
35 per cent wage increase and  
declared that none of his 11,000  
drivers would settle for any-  
thing less than 15 per cent on  
basic pay.

It is always the exceptions  
abandoned.

that make the headlines. Cer-  
tainly within Birmingham's  
important engineering industry  
there is the belief that most  
employers managed to conclude  
agreements that fell broadly  
within the Government's 10 per  
cent pay guidelines. Obviously,  
there is always the problem of  
the smaller firms, out of the  
public eye, who are able to  
ignore the official guidance or  
escape the full rigours of the  
policy by devising special pay-  
ments or offering perks. How-  
ever, there have been no real  
complaints from companies that  
labour is being poached or any  
indications that people are  
switching jobs rapidly as the  
way to raise earnings.  
Many shop stewards have  
pressed for bogus productivity  
deals as the easy way to side-  
step controls but there is little  
evidence that managements  
have succumbed. Companies  
faced with difficult markets and  
the need to hold costs do not  
have the margin to make con-  
cessions.

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## BIRMINGHAM III

## Industrial pessimism

BIRMINGHAM businessmen have come to terms with the fact that the significant upturn in the local economy for which they have been hoping for the past two years is unlikely to materialise. Output is expected to remain fairly constant for the rest of the year and there is little optimism for the period beyond that.

There have been so many forecasts that the local economy was about to take off that reports of improvement are treated with considerable scepticism. Mr. Eric Swainson, managing director of IMI and chairman of the West Midlands region of the Confederation of British Industry, says that companies are reporting a slight improvement in the order book for home and overseas. But he adds that there is no strong confidence that the apparent increase in activity can be sustained.

The performance is fairly mixed with sectors such as electronics, handling equipment, hardware, building and some domestic appliances, showing an improvement. But the city's industry does not seem to be benefiting from the recent upsurge in consumer spending, says Mr. John Warburton, secretary of the Birmingham Chamber of Commerce. He reports that business confidence is depressed when compared with the end of last year.

In a city where it is estimated that up to two-thirds of manufacturing is dependent in some way upon the vehicle industry, the performance of the UK car makers has an important effect upon the local economy. The influence of BL Cars is difficult to exaggerate: apart from the fact the company directly employs 45,000 people in Birmingham, its problems or otherwise are the talk of the area and a factor helping to determine business confidence.

Several weeks of continuous high output from BL can set the Birmingham economy moving, with demand feeding back through the components, metal and foundry industries. Hopes were high at the beginning of the year that Mr. Michael Edwards, as the new BL chairman, might be able to deliver the goods. In reality production has been poor, particularly at the Longbridge plant. Birmingham, where the company is having to import Minis from Belgium to meet the shortfall.

Management efforts to change manning levels at Longbridge to move productivity levels closer to those of Continental competitors have so far reduced output. Production at the Rover plant, Solihull, has also been disrupted by industrial relations problems. The strike by 80 internal transport drivers in protest at the sacking of a shop steward, brought the factory to a standstill.

But the problem facing the Birmingham companies serving the motor industry is wider than just BL. In the first six months of this year output by UK car manufacturers rose, from 701,000 units a year ago to 723,000 units, but not enough to counter competition from imports which captured nearly half the market last month. Mr. Swainson says that "quite galling" to read that 1978 was likely to be a record year for UK car sales and yet get no direct benefit.

## Unrest

Whether and how quickly the situation improves will depend upon the success UK manufacturers have over the next few months in dealing with their industrial relations problems. In Birmingham there is little optimism that there will be any improvement. Suppliers have a wary eye, for example, on the situation at Chrysler UK where there is considerable unrest over pay differentials at the Coventry plant and assembly at the Linwood factory has been at a standstill for several weeks because of a strike by painters.

Against such a background, the drive by motor components suppliers to reduce their dependence upon the UK industry and expand export sales is understandable. Such diversification has proved easier for the large companies, like Lucas and Guest Keen and Nettlefold. The success of such efforts in recent years is indicated by the fact that the car components sector is one of the few that appears to be looking for a modest growth in output over the next 12 months.

Birmingham's general engineering industry, noted not only for its skills but also the wide range of products manufactured, has recovered from the low point of a couple of years ago. But the picture is very patchy and most companies are still operating at only around 80 per cent of potential.

A recent survey of industry in general conducted by the West Midlands Chambers of Commerce, suggested that less than a quarter of firms were working at full capacity and nearly one third at only between 60 and 80 per cent. The same study also confirmed that investment is likely to remain fairly constant, although there were indications that some companies were bringing forward plans for spending on new plant and buildings.

Given the extent of spare capacity and the generally uncertain outlook, it is understandable that what investment is taking place is mainly to replace outdated plant and to improve productivity. The implications for employment are serious.

Birmingham as a city which for two decades has taken full employment for granted has now come to terms with the fact that it can no longer expect to enjoy such a privileged position. The level of jobless has fallen back from the highs of a couple of years ago and currently stands at 5.8 per cent, compared with the average for Great Britain of 5.9 per cent.

Prospects for a further improvement are poor. Few companies are considering taking on new labour and sectors where manning levels are expected to fall include Birmingham's traditional trades of machine tools and foundries. The Birmingham Chamber of Commerce has led the local campaign against the provisions of the Employment Protection Act which, it is maintained, inhibits companies from recruiting labour.

There is also concern about the continued problem of shortage of skilled labour. Birmingham has always suffered in times of expansion from an insufficient pool of the right type of labour. But the problem has been exacerbated by several years of pay restraint which has eroded differentials and contributed to the drift of skilled workers out of industry. The

present modest levels of output mean that shortages are not yet proving a serious constraint upon production, but workers in particular demand are tool-makers, setters, fitters, plater welders and design engineers.

One area where BL Cars is providing a direct stimulus to the local economy is on the spending programme now in progress to manufacture a new small car at Longbridge. Buildings for the £280m. project are already underway and orders are being placed for the sophisticated machine tools and equipment.

The other BL project which could bring considerable benefit to Birmingham is the £240m plan to double output of the

successful Land Rover and Range Rover models at the Solihull plant. The company has said the go-ahead is conditional upon full support for the ambitious scheme from the local workforce. However, the first £25m. of the programme has been authorised in order to purchase equipment for which there is a long delivery period. Without such action the whole programme would have been threatened with delay and speed is vital if Rover is to meet the challenge in international markets.

Continuity in BL's spending programme is important to Birmingham. The company has told the machine tool industry, for example, that it plans to

invest around £40m to £50m a year over the next three years on such equipment. Orders at such a level will be welcome to an industry recovering from its deepest post-war recession and increasing competition in world markets. There is a considerable variation in the performance of companies in the sector but spare capacity is currently running at around 30 per cent.

Another depressed sector is the foundries. Hopes of less than 12 months ago that demand was picking up have not been fulfilled. The vehicles industry has not moved ahead as strongly as hoped but the

foundries provide a good example of how Midlands companies have looked to exports to compensate for fairly depressed home markets. International competition in sectors like castings, metal products and machine tools is fierce.

Arthur Smith

## Labour

CONTINUED FROM PREVIOUS PAGE

They are, however, prepared to pay out, and quite generously in return for genuine increases in output. The problem of motivating workers in a period of inflation when marginal earnings are heavily taxed is recognised as serious. Many companies are examining or seeking to implement some form of incentive scheme.

One factor which has undoubtedly contributed to moderation in pay deals is the fear of unemployment. While social security may resolve the immediate hardship from the jobless workers are conscious that it might be difficult to find satisfactory employment quickly.

An example that employees may consider job security preferable to higher earnings is provided by one of Birmingham's big companies, Management put a productivity deal on the table but pointed out to shop stewards that because of depressed demand, the consequence would be a reduction in manpower. The offer was rejected.

It should be remembered that Birmingham, though traditionally an area of prosperity, does have an employment problem for the unskilled, particularly in the inner city area. Birmingham's unemployment currently stands at 5.8 per cent compared with the average for Great Britain of 5.9 per cent.

Apart from uncertainty about employment, there is another important reason why rank and file members do not appear to be supporting the outrageous pay claims of the militants: for many workers a 10 per cent wage increase was regarded as good. The official statistics indicate that in recent months earnings have exceeded prices and this is certainly reflected in the mood of the shopfloor.

Full-time union officials are also anxious not to rock the boat when an October General Election seems increasingly likely. Mr. Terry Duffy, who represents the city on the National Executive of the Amalgamated Union of Engineering Workers, was recently elected President after fighting a campaign in which he stressed the need to support a Labour Government in achieving a rational pay policy.

The position was stated clearly by Sir Robert Booth, president of the Birmingham Chamber of Commerce, in a letter to the Chancellor of the Exchequer: "It is our view that in the long term wage negotiations are best undertaken at plant level. But we feel the immediate economic situation demands that every effort should be made to achieve a further period of meaningful pay restraint. We are convinced that a return to unrestricted collective bargaining would further retard the national recovery."

The chamber is urging that wage awards in the next round

should total no more than about 7 per cent. In order to escape from "the dangers of setting norms which quickly take the form of minimum entitlements," the chamber is pressing for a two-tier scheme. Under this there would be a low basic award across the payroll but supplemented by an additional "flexibility allowance" payable at the discretion of the employer.

Opinion in Birmingham is firmly against the idea that the Government should make concessions about a shorter working week in return for union co-operation on another phase of pay restraint. Minds are not closed to a reduction in hours, but there are obvious fears that the net result would be a massive increase in overtime earnings.

The argument that there must be more flexibility in the next pay round is echoed again and again by employers. Because the 10 per cent, tended to be paid out as a straight award there was little scope to deal with the problem of wage structures distorted by several years of continuous pay control. The issue of differentials is by no means confined to the Leyland toolmakers, although they have gained the most publicity

main cause of gloom is the weak demand from the tractor industry. Massey Ferguson, at nearby Coventry, has been the principal victim of the downturn in world tractor markets and the effects are being felt in Birmingham.

The foundries have taken full advantage of selective assistance made available to the industry by the Government in order to modernise facilities and improve productivity. However, there is still considerable uncertainty within the sector because of the failure by BL to announce details of its foundry investment plans. The State-owned concern is not only an important customer but also a major supplier of castings.

On the general outlook for Birmingham industry, the Chamber of Commerce pinpoints productivity and the rate of inflation as the two factors of most concern to local businessmen. There is obvious uncertainty about the future but the mood is not one of gloom. Industry is resigned to the fact that perhaps rapid growth may not be around the corner, but there is a determination to take full opportunity of the markets that are available.

Arthur Smith

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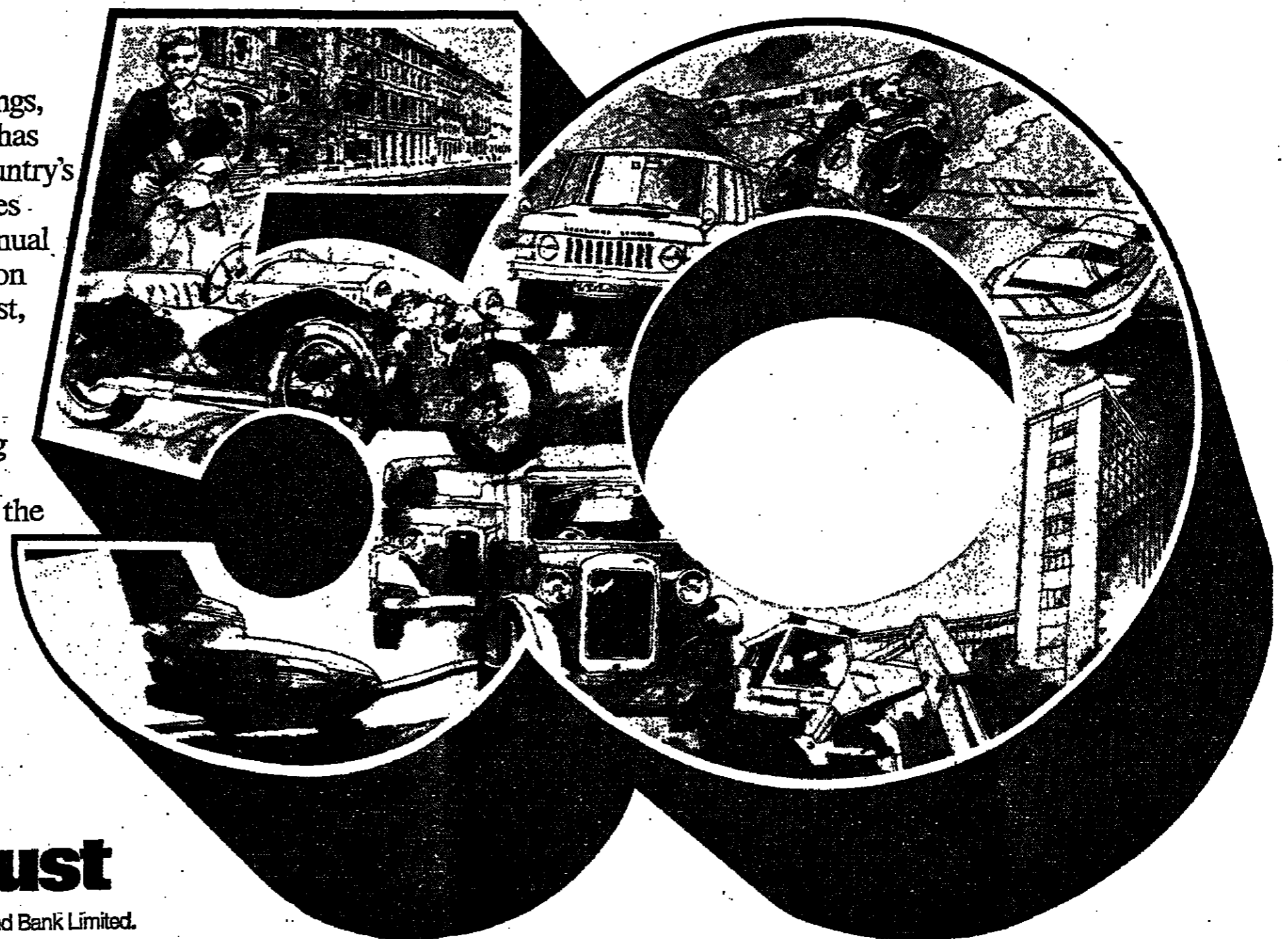
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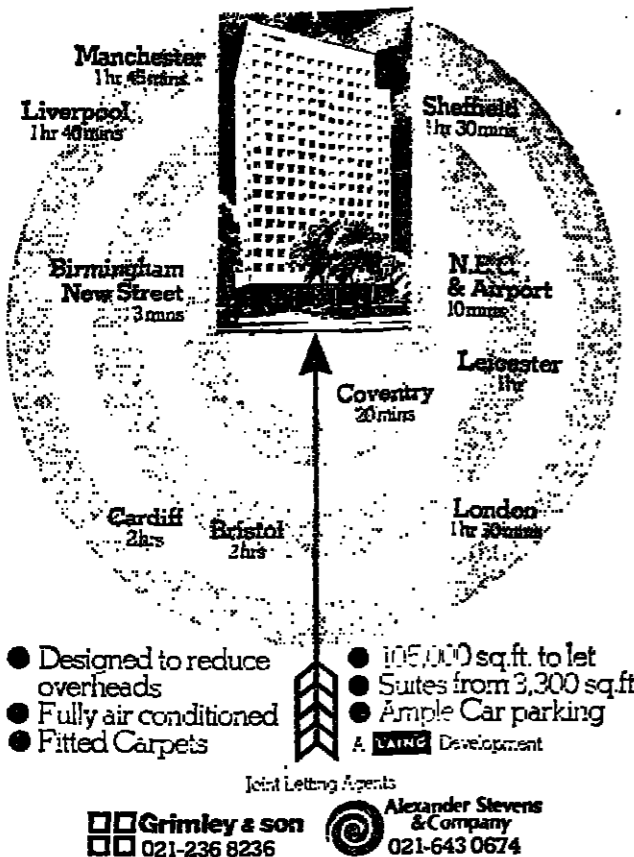
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## BIRMINGHAM IV

# NEC has to work hard

THE NATIONAL EXHIBITION CENTRE AT Bickenhill, next door to Birmingham airport, achieved a heartening financial success in its first two years. But now it faces even more testing problems over the next few years. The next two years will bring crucial changes as management fine tunes its skills and generates the efficiency and fitness to enable the Centre to slog its way uphill to the goal of being truly international.

Operationally there is no question about the NEC's ability to stay well in the black. In the first year a surplus of £108,000 was earned. Last year it was £3 against an originally estimated £3.2m. Earnings of 5-8 per cent on capital investment are expected to continue.

Unfortunately the Centre opened during a period of high inflation which pushed up costs from £17m to £40m, and interest charges in line. This took the accumulated deficit in the first year to £6.5m, and when the latest figures are available it is expected to exceed £11m. Even though the trading surplus continues to grow, projections indicate that it will be 1985-86 before this overtakes the accumulated deficit to register a net profit.

Birmingham City Council, which owns the NEC, could lighten the debt burden by writing it down (or off) to enable the Centre to make more rapid progress, but such suggestions have up to now fallen on stony ground. Mr. Neville Bosworth, leader of the Tory-dominated Council, points out that it is a matter of presentation how the affairs of the NEC are shown. Whatever is done to stem the rising tide of debt would, one way or another, come from the ratepayers. For them they appear to have the option of paying a higher (or special) rate now to see their money returning sooner or waiting for the NEC to generate enough operational surplus to start bringing down the deficit.

In the 1980-81 season the Centre is full with exhibitions, but it is going to be hard grafting between now and then to fill the facilities. The worldwide economic downturn has led many international companies to pare down their exhibition outlays, evidenced by the simpler, modular-type stands. This, coupled with the fact that some of the biggest shows occur only once every two/four or even eight years, has increased the difficulty of intensive letting of the 0.9m sq m of floor space, even though a greater number of smaller companies are taking more space at the trade shows in which they are interested.

This is shown by the fact that no exhibition has failed to expand in size by coming to the Centre, whether from London, Blackpool, Harrogate or any other of the various centres. What used in many cases to be regional hotel shows have blossomed into successful trade shows, only two of which have failed to rebook. One is

the fashion show which, wrenched from its traditional London centre on the doorstep of the rag trade, encountered a rival movement in the metropolis which has finally prevailed. The other is the toy and hobbies fair. It would have been willing to return but needed a different date in order not to clash with the Nuremberg show, the largest of its kind, and this could not be provided.

In trying to accommodate regular customers on which most of its income relies while simultaneously striving to enhance its international image the NEC management faces some acute dilemmas. The exhibition season is from September to April, and with the Centre already staging more than half the U.K. shows it is difficult to find suitable dates for international shows without usurping regular bookings.

### Format

But if the NEC is to become truly international, as it has every intention of becoming, a new format has to be found. Mr. Terry Golding, the recently appointed chief executive of the NEC, is working towards freeing September for major true international exhibitions (not just those with "international" in the title). An early example was the machine tool exhibition in September 1976. This is a four-year cycle and will be returning, but in April-May 1980. Another highly successful example is Interplas, the plastics show, which notched up 40 per cent overseas earnings when it came last September. This will be returning in 1981 and again in 1985. In 1980 also there will be the international printing machinery exhibition, held once every eight years.

But the biggest of all currently in the NEC sights is the International Textile Machinery Association's exhibition for 1983. If Mr. Golding's confidence that an agreement will shortly be signed is justified then it will be the first time it will have been held outside the Continent. This alone could put as much money into the NEC coffers as last year's total operating surplus of around £3m, and the Centre will need exhibitions of this calibre and size if it is to make real headway to a net profit.

THERE HAS been a subtle change in the recent years of recession in the emphasis of some of the work done by the merchant banking community which crowded into Birmingham in the era of booming new issue and take-over business in the earlier 1970s.

Nowadays, the rush to go public among the expanding private companies in which the Midlands is rich, has abruptly halted, for reasons as various as tax considerations and the sluggishness of the stock market. Staying private, or even reversing from public to private status, is more the name of the present game.

Mr. Ran Meinertzhagen, who runs the Birmingham operation of Gresham Trust, a relatively small merchant banking business which has stakes in some 45 private concerns altogether, remarks: "There is an increasing trend for executives of calibre to move into the private company sector; disillusionment with employment in large companies, which does not provide big rewards or management freedom, is an important factor."

Gresham Trust's Birmingham office now receives one application a day seeking its backing for small concerns, but its sifting process—there is no shortage of resources—means that it makes only two or three investments in the Midlands region each year.

The more subdued level of bid and new issues business has meant an alteration in the balance of business within some other more wide-ranging merchant banks. Sir Timothy Harford, the director who, from Birmingham, conducts the Midlands interests of Singer and Friedlander, a London accepting house which has long had an active branch in the region, notes how much the banking side of the operation has increased compared with the once dominant corporate finance side of advice on bid and flotation matters.

Much more attention is being given to arranging for the meeting of companies' needs by acceptance credits (finance through bills of exchange), a method which can be more economical than overdraft borrowing at current interest levels. "We're placing more emphasis on the development of the banking side of the business, including acceptance credits, in parallel with the corporate finance side which was historically the mainstream of the business," says Sir Timothy, who adds gen-

erally, of the Midlands scene, that industrial activity has perked up in the past three or four months, though there is still plenty of spare capacity. Hill Samuel, another London accepting house, has long paid a great deal of attention to the Midlands, and has a substantial operation in Birmingham, where finance through acceptance credits has been an increasingly important part of its activities.

Other merchant banks with a presence in Birmingham include Industrial and Commercial Finance Corporation, the long established subsidiary of Finance for Industry, which backs small companies and finds the region one of its busiest. London names represented there include Kleinwort Benson and Charterhouse Japhet, while Keyser Ullmann, which has recovered well from the impact of the secondary banking crisis and is now expanding, opened an office in Birmingham in April. Mr. Derek Wilde, Keyser's chairman, has said that the move was prompted by the belief that Birmingham and the West Midlands will see major growth in the future.

Liquidation  
Another example of the trend towards "going private"—this time in the financial sector itself—is G. R. Dawes Holdings, which has both a banking and an industrial holding side. The company is now in voluntary liquidation. Announcement of the move sent the shares soaring and distributions already total 180p a share, which compares with a market quotation of as little as 55p at one stage last year before the liquidation decision.

Mr. Howard Dawes, the chairman, and several associates, are continuing in the financial field with their G. R. Dawes (Management Services) private company. Some of the most active monitoring of the industry scene on a national scale is now conducted through the Bank of England's regional offices, of which that in Birmingham, where Mr. David Nendick is the agent, is a particularly important sounding board, placed as it is in the centre of the West Midlands conurbation.

The big clearing banks have long been solidly entrenched in the Midlands area, where indeed two of them, Lloyds Bank and the Midland, can be regarded as having originated. Barclays also has major repre-

ITMA also faces management with another dilemma—how to create as much space again while preserving acceptable standards and amenities. ITMA will need a full 1.8m square metres. Fortunately there are three main areas where temporary structures, like the Orbit, can be erected. These will fill the gaps between existing halls and cover the hard standing round them. But even if these devices are successful they can be no more than a temporary measure: the NEC is short on permanent buildings to house major international exhibitions. But unless the City Council decides to free it from the ball and chain of its debt burden to enable justifiable expansion to take place it will just have to soldier on. The NEC was a bold and original project. But it is modest by some Continental standards.

Even if more international exhibitions are attracted, management is still faced with the almost blank summer months and some empty halls during the season. Non-exhibition events, like boxing and the successful world table tennis championships which were attended by 90,000 people, have already been held at the NEC, and part of the marketing effort will be going to strengthening this side of the NEC's personality. As a step in this direction a system of removable tiered seating is being sought and a number of top ranking pop groups are being encouraged to play at the NEC.

Even if some of these ambitious projects fail to come off it is still certain that the NEC will be pumping more jobs and money into the local economy. A recent study by Aston University came to the conclusion that the sub-region had benefited already by nearly 3,000 extra jobs (including regular part-time) and by almost £25m spent by exhibitors and visitors. This excludes expenditure by local residents. The study believed that if all the available capacity of the NEC could be used, and if the sub-contractors, like stand builders, stayed in the area, the £22m or so estimated to have been spent by exhibitors would generate the equivalent of 5,240 jobs. This does not appear to be an over-optimistic estimate but it goes to show the prime importance of the Centre in creating work in a period when that is hard to come by. The textile

exhibition, it is reckoned, would bring £90m-£100m worth of business to the UK and a lot to the Birmingham area.

The extent to which the NEC can command success depends to a substantial degree on supporting facilities. The development of these, from hotel bedrooms to conference halls and night shows, has understandably lagged somewhat behind demand, but is catching up to the extent that a full range of amenities can now be offered in and around the city. In particular conference facilities have been improved and extended quite substantially and may well continue to do so since the linking of exhibitions with conferences is a definite growth area in this type of business. In this respect the NEC is well provided for by having up-to-date facilities for up to 1,800 people at the nearby Metropole Hotel. And it is only a ten-minute train journey into the centre of Birmingham



where a number of hotels like the Albion, the Midland, the Strathallan and others are in regular use for business and trade conferences. All told there are more than 50 conference venues having an estimated turnover last year of more than £10m.

Just how well the NEC and the support facilities can cope will be put to a severe test in October by the international motor show which for the first time will bring together commercial vehicles as well as caravans and accessories. It is impossible to estimate the impact of a public show, which is expected to attract around 1.2m visitors, or about twice as many as the last show in London two years ago. The ten-day show may entice twice as many, perhaps 2m or more, when they learn that 45,000 car and coach spaces have been found within a "Park-n-Ride" distance of the show and that British Rail will be running a

ten-minute shuttle service between Euston and the International Station at the NEC, with extra services from Manchester, Liverpool, Reading, Leeds and S. Wales. Some 170 extra trains are being put on between 7.40 am and 7 pm each day and with a normal £7 fare and entrance fee ticket, and £5 at the two week-ends of the show (October 20-29) it is clear a flood of visitors from within a 100 miles radius can be catered for. Actual catering facilities at the show are being doubled.

The occasion will tax all concerned with the exhibition. It will also illustrate the NEC's potential for putting cash and jobs into the local economy. A few pennies on the rates (a 1p rate raises £1.75m) to relieve the NEC's financial burden may not seem to many to be too high a price to pay if it can show itself to be successful on a large scale.

Peter Cartwright

## The financial sector

clays Merchant Bank subsidiary is established in Birmingham. The National Westminster Bank, whose regional office, under the regional executive director, Mr. Mike Cross, operates from Colmore Centre, housing 400 of the group's employees, also puts a major emphasis on its 350-branch Midlands area, where a tenth of the bank's UK business takes place. A significant development occurred earlier this year when the NatWest's merchant banking offshoot, County Bank, opened an office in Birmingham.

One of the noticeable trends of recent years has been the increased representation in Birmingham of foreign banks, or British banks with an overseas orientation, all attracted by the increasing internationalisation of trade and business.

Standard Chartered Bank, which, in addition to its extensive network in Africa and the East is expanding in Europe, has been in Birmingham since 1972.

American groups among overseas banks with an active business there include Bankers Trust and Bank of America, while American Express International Bank and Chemical Bank have representative offices in Birmingham. The closer links between Britain and Europe have also brought the big French banking groups of Banque Nationale de Paris and Société Générale to Birmingham in the last few years.

A range of banks from the Indian sub-continent, including Bank of Baroda, Bank of India and from Pakistan—National Bank of Pakistan and United Bank reflect the presence of a sizeable immigrant population in the Midlands.

One of the best-known names on the Midlands scene for many years, Birmingham Municipal Bank, dating from 1916, has recently become Birmingham Trustee Savings Bank, though its trustees are still appointed by Birmingham City Council. With more than 70 branches in the region, the bank operates closely in parallel with other TSBs, but also continues its long-established business in home loans.

Forward Trust, the finance house subsidiary of the Midland Bank, is among several sizeable financial or commercial businesses with countrywide operations which are based in Birmingham. The company, whose name is taken from Birmingham's motto "Forward" and which is this year celebrating its

50th anniversary, had had a steadily increasing profits record, having boosted its pre-tax profit by 42 per cent to £14.2m in the year to October 31, 1977, when total assets rose by £88m to a peak of £338m.

Mr. Gordon Ross, a director, agrees with others that, while there are some signs of recovery in the economy, these are scarcely very dramatic. "It's not as buoyant as it might be, but we are pleased that we've increased our business this year, including contract leasing of cars," he says. "Industrial machine tools are quite a buoyant replacement market, without any sign of major new investment being apparent." The consumer side is also doing well as a result of the boost to real incomes, though nobody is counting on this trend remaining as bright as at present.

What is specially interesting is the way in which various stockbroking firms have responded to unity of the British Stock Exchange in the last five years.

Smith Keen Cutler, the product of a major merger within the last two years, has an active office in London and at least half the business it transacts is now in London. Birmingham remains an important area to it—the specialisation in knowledge of the many Midlands quoted companies is a strength to it, as to other brokers—but Smith Keen Cutler is no longer represented on the dealing floor in Birmingham.

Other sizeable broking firms, such as Albert E. Sharp, take the view that extensive business can be satisfactorily transacted from Birmingham. Another which has a London office is, however, Harris Allday Lea and Brooks.

Margaret Reid

and General Assurance Society, and Midland Assurance, which is a subsidiary of Eagle Star Insurance.

After a good deal of reshaping, in recent years, the Birmingham stock market community has been having a rest from further changes and consolidating its position. The recent tally of 13 brokers and three jobbing firms in the Birmingham part of the Midlands and Western unit of the Stock Exchange remains unaltered.

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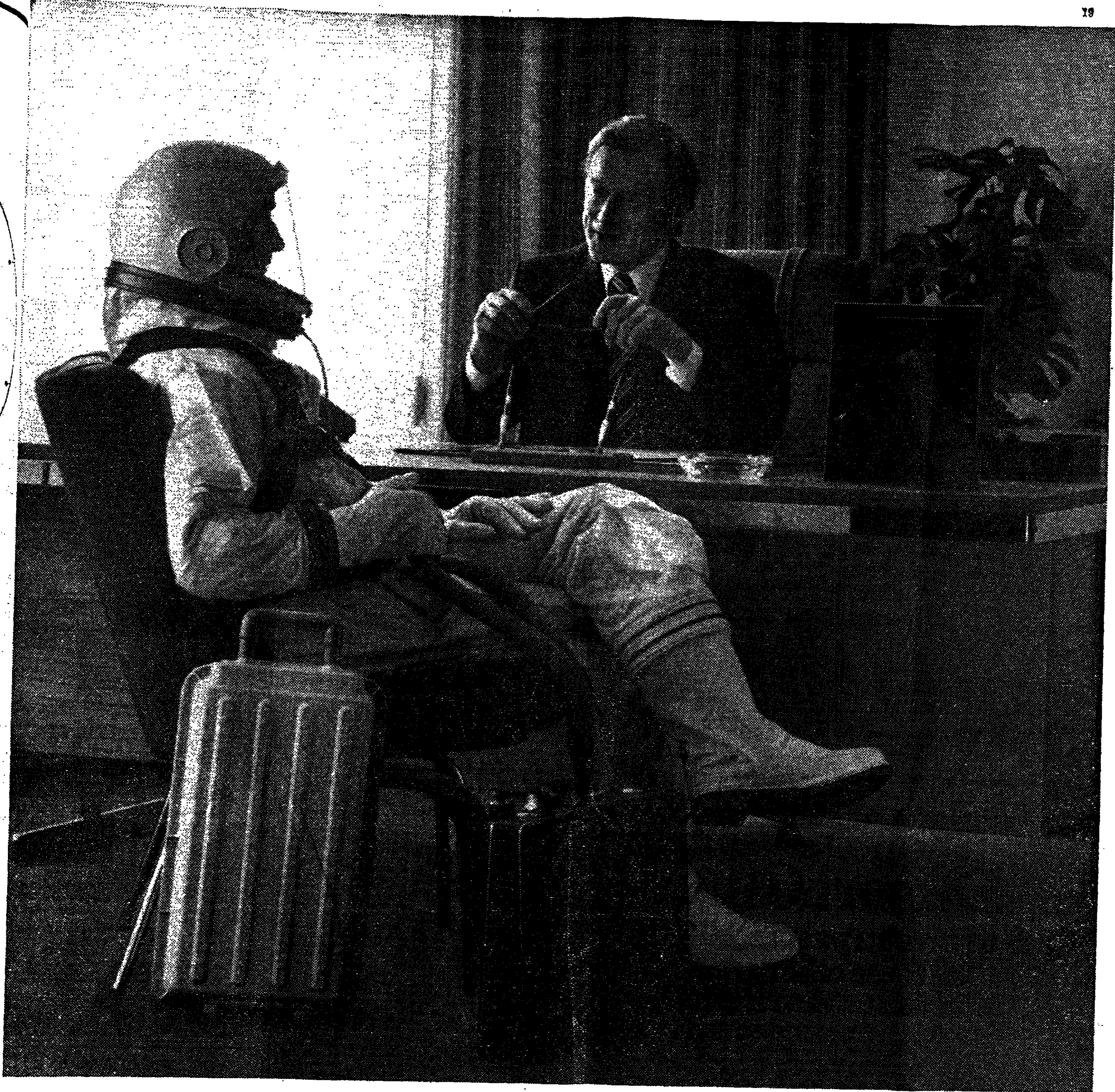
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BIRMINGHAM CHAMBER of Industry and Commerce has an uncanny habit of asking its members questions that penetrate to the heart of problems in a way that no amount of well-intentioned statistical exercises by civil servants seem able to do. Not so long ago it discovered that but for fears about unfair dismissal and redundancy legislation small firms would on average have taken on an extra four workers. Had they all done so unemployment would have been cut quite dramatically, for small firms in this region comprise 87 per cent of all establishments and employ nearly 30 per cent of all those in manufacturing.

The situation was put more pithily when Mr. Harold Lever, Chancellor of the Duchy of Lancaster, came to launch the inner city Partnership project, which particularly needs entrepreneurs and small businesses to invigorate it. After a persuasive speech in which he promised to do something to limit the plethora of forms emanating from government departments, VAT and bad debts and other subjects calculated to raise blood pressures, it came to question-time and a small businessman offered his own well-spoken recipe: "Just get the Government off our backs Mr. Lever."

Complex

Everyone knew what he meant, of course, and it went down well. But in societies as complex as they have become government help is often needed. The costs—and the penalties—of doing so (and failing) are too great for most people to bear. But the absence of the entrepreneurial spirit from the city centre has, as everyone can see, left a void and dereliction that will be hard to repair. The other day the councillors spent it out in hard cash. The Partnership is a three-some of the West Midlands County Council, Birmingham City Council and the Government, with Mr. Reg Freeson, Lever equity on small firms. Some of the comments are fairly obvious but nonetheless important for they disclose the

strong identity there is between administrators and managers of small firms. A disability expressed was that because of the extra risks like low assets backing, lack of track record and reliance on personal attributes, higher rates of interest on loans are likely to be incurred. Neither can small firms, in general, afford to pay for experts to assess a proposition and present it in attractive form to financial institutions. Or, again, when money is tight joint stock banks tend to discriminate against small firms, although much depends on the manager and the type of business a branch does. And, of course, there is the sensitive area of an entrepreneur being willing to accept equity-linked loans that seem to threaten his (or her) independence. Taxation, legislation, VAT returns and so on, are all items that inhibit start-ups or expansion. "Much more could be undertaken to simplify statutory paperwork required from small firms, especially in respect of PAYE," says the submission.

Identifying priorities the Inner City Partnership Project (ICPP) came to the conclusion that the important criterion was an adequate supply of factory units in the 500 sq ft-3,000 sq ft range; refurbished factories in the same range; and every kind of unit in the quality range from the proverbial railway arches to high-class units in good environmental surroundings.

Other useful components in the overall small firms' package were felt to be general management training, equipping executives to deal with the problems of expansion, establishing training centres at co-operatives and helping potential entrepreneurs. These kinds of conclusions and objectives stem from talks that have been held with various influential bodies concerned with local finance, the Employment Department and other government and industrial bodies in the process of assembling a submission to the Lever equity on small firms. Some of the comments are fairly obvious but nonetheless important for they disclose the

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# Working out a policy to aid the small company

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And the Council is at one with the local branch of the Confederation of British Industry, Birmingham Chamber of Industry, the Engineering Industries Association and other bodies when it condemns past regional policy. Distortions arising from regional policy had seriously constrained the generation of new industrial growth and had caused "fundamental" economic problems in the county. Nevertheless, the council was against extending the experimental small firms employment subsidy scheme in the special development areas nationwide. It was felt that would tend to encourage a misallocation of resources by failing to differentiate between efficient and the inefficient firms.

This was an interesting indication of where the Midlands, and Birmingham in particular, stands in relation to providing help. Tax relief for all small firms was suggested as an alternative. That would do more to encourage viable concerns to expand and to create new jobs it was felt. It was also concluded that the size of unit required was no larger than 6,000 sq. ft. as there seemed to be a definite break in the market at this point—a conclusion other authorities have also reached.

Condemns

These submissions and comments, together with the face-to-face meetings Ministers and government officials have had with small firm owners and representatives, have done much to pave the way for tax reforms, like raising the level of exemption from apportionment of trading income to £25,000 as a step towards a more ambitious £75,000, allowing relief against VAT for bad debts, and—perhaps the most important of all—no capital transfer tax (CTT) liability as long as a family firm stays in the ownership of the family, or workers.

All of these very substantial concessions underline the problems with which small firms have been beset in recent years and the awakening of government quarters to their vital importance as a seedbed for new enterprises and employment. The package of assistance acknowledges that.

All the same, expert help has been available for many years, merely by picking up a telephone. A lot of it, as one would expect, comes from membership of bodies like the Birmingham Chamber of Industry and the CBI, but equally it has been available from less likely sources like the universities.

Their function, generally, is to help lame ducks over technical styles, but help can, and often does, extend to management aspects. The low cost automation centre at Birmingham University is one such source. Part of the engineering production department under Professor Norman Dudley, it has been helping firms big and small for more than a decade.

It has been a sign of the times that over the past two or three years the number of calls on its services have declined. While the centre is biased towards smaller companies, it is the problem, rather than the company, that it tends to take on board. If a company has a special problem, well out of the everyday run, it can be dealt with by the centre. About 150-200 a year are dealt with and most fall into the inspection and quality control zones—firms having problems with dimensional gauging, or automatic assembly, and so forth. While many of the problems are regional, others come from other parts of the UK, so well known has the centre become. On occasions when the centre has developed a system or unit with a wider application, the company concerned, or another, is licensed to make and market it worldwide.

Aston University, right in the centre of Birmingham, is even more closely allied with industry. The technical and planning services division, set up with a prime grant some ten years ago by the then Ministry of Technology, is now a self-supporting, non-profit making division. Although able to offer a range of services, including turning likely-looking inventions into prototypes, the emphasis is on management training and development. In the past five years the work has tended to settle down mainly to providing expertise in the fields of accounting, costing, budgetary control, and generally helping clients to present a case to bank managers. The division can equally help to improve production by planning and production techniques to make the fullest use of resources, as well as to suggest marketing and export strategies. Again, like Birmingham University problems and help may be concerned with places as far away as Scotland or the Channel Islands.

An imaginative project, undertaken some three years ago, has been helping redundant executives to find employment. Under the "Loan a Brain" scheme sponsored by the Training Services Agency former executives, many of whom come from large companies, are put on to solving problems of smaller companies at training sessions. These mature students then go out to a company client, and for ten days study its working in depth and then make recommendations. This bringing of fresh, trained eyes to a familiar situation can normally solve the problem, but at the least it will enable the company to survive longer. And two out of three years and the awakening of government quarters to their vital importance as a seedbed for new enterprises and employment. The package of assistance acknowledges that.

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specialises in robotic devices, or the manifold Production and Engineering Research Association at Melford Mawbray.

This kind of expert technical advice can be made available through government agencies. The small firms information centre attached to the Department of Industry in Birmingham sends many of the near 1,000 enquiries a month it has in this kind of direction. Some 80 per cent of the enquiries come over the telephone and can be dealt with immediately, although some of those from manufacturing industry especially may need more detailed treatment. Of the 725 enquiries in May 1977 were miscellaneous, 104 were concerned with management, 120 with government departments, 126 related to statistical information and the remaining 35 were for help on financial matters.

Counselling

Allied to the information centres are the new counselling services, which appear to be filling a valuable role in dealing with the one-man or very small concern. For while the Bolton definition of a small firm is 200 or fewer employees, most companies of 40 to 50 begin to have a definable management structure and it is the ones smaller than this who generally need most help—but only to point them along the road to success but also to head off would-be

entrepreneurs who have not thought through what seems to them a good project. Sometimes the counselling service is called on to act as a kind of industrial Good Samaritan. One lunchtime a woman phoned to say she and her husband were directors of a couple of small businesses. Her husband had had a breakdown through business worries and please she was not quite certain whether there was enough to pay the wages. Although she was a director she had never had anything to do with the businesses. A counsellor went to the firm, found inadequate records and financial details, and after a thorough investigation advised that the best thing to do was to wind up the businesses before they collapsed.

On another occasion the father of a girl who had a quite successful antique business at home wanted to know whether she should move into a shop, and help was given on the way in which the operation should be set up, and the problems that could be expected to arise.

It is clear that no one, from the one-man operation to a sizeable company need lack expert assistance and advice. Indeed, a case could be made out for bringing the various bodies into a more formal relationship to make the range of help more readily available from one source.

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City at the centre BIRMINGHAM

BIRMINGHAM VII

# Improvements in public transport

WHILE NO ONE these days expects to run public services without subsidies, the other calls on the public purse ensure that they are kept to the minimum in all but exceptional cases. Sheffield, for example, has its heart set on a free public transport system. Birmingham, like the great majority, aims to provide an efficient service at prices people are prepared to pay, and, considering all the factors militating against it, Birmingham, or rather the West Midlands Passenger Transport Executive, is making encouraging progress. It will not ever be free from criticism for shortcomings, but a lot of effective effort has been put in to creating a flexible service that market research tailors as closely as practicable to neighbourhood needs.

The subsidy in the last financial year was £15.2m of which just over £12m was for buses. This compares with the 1976-77 deficit of £19.6m of which £17.1m was on buses. The PTE takes its forecast deficit as a financial target to be beaten and the decreased call on ratepayers is a measure of its success. In the current financial year the forecast deficit, allowing for pay increases and

unattainable objective, but they are met within the resources available—there are 2,500 buses and more than 90 diesel and electrical multiple units—with road and rail services being integrated as far as possible.

The Executive, which has carries more than 550m passengers a year by bus and another 14m by rail, within the area for which it is responsible. This includes Coventry and Wolverhampton and Solihull to the south-west and part of South Staffordshire in the north. People can travel the length and breadth of this conurbation by road and rail for £10 a month, what the travel ticket costs, or £7.50 if it is by bus only and one railway line. There are 100,000 card holders, and the prices reflect the inroads of inflation but also a modest net increase which seems to have been generally accepted since passengers have not been lost.

To an extent the relatively small and short-lived reaction to the increases seems to mark an appreciation of the improvements that have been brought about. Developments are founded on thorough market research. Birmingham and other places are split into various areas and the travel needs within them determined by analysis. Absolute matching of requirements to services is an

impossible objective, but they are met within the resources available—there are 2,500 buses and more than 90 diesel and electrical multiple units—with road and rail services being integrated as far as possible.

Solihull was one of the first commuter areas to have a "tailored" system. This included the first "dial-a-bus" scheme, which is now being modified. It was introduced because the area has a lot more telephones than other comparable suburbs. By dialling the headquarters it is still possible to have a bus at one's doorstep or driveway within ten minutes. Although the service, like a public taxi service, costs £3,000 a week to run, it has improved. There are development schemes in the pipeline for Warley, Harborne and other Birmingham suburbs. Chelmsley Wood is a particularly vital area, a new town of 50,000 on which the National Exhibition Centre at nearby Bickenhill relies to draw many of its regular part-timers and full-time staff. Bus-rail interchanges have been introduced at Lea Hall and Marston Green on the line to Birmingham International (the NEC station) with a frequency of four trains an hour at peak times.

But by far the most ambitious development, and one that has proved itself within a few months, is the south-west to north-east rail link running from Longbridge, where Austin-Morris employs 25,000 people, to Sutton Coldfield, 16 miles away. The 18 stations along its length serve some 175,000 people. This cross-city line cost £7.8m and three of the suburban stations are new, the first British Rail has opened for many years: another four were rebuilt. Five of the stations offer free car parking, and bus services are linked to the rail services, which provide six trains an hour at peak periods. Opened only two months ago, passenger-carrying rates are already running at nearly 7m a year, some 60 per cent of capacity. Allied to this development has been the modernisation and expansion of the Tyseley rail depot on which £1.1m has been spent, mainly on creating maintenance facilities for the three-coach multiple units.

Like every other organisation concerned with it, the PTE is having to make special arrangements for the duration of the Motor Show at the National Exhibition Centre in October. About one-third of those visiting public exhibitions go by bus or

rail, and besides stepping up the services the PTE will be operating what will, it is thought, be the biggest "park-and-ride" scheme for motorists ever mounted in this country.

## Novelty

Well over 1m people are expected during the 10-day show and 45,000 car spaces are being set aside within a 10-minute "park-and-ride."

The conjunction for the first time of the car and commercial vehicle shows, plus the novelty of holding the exhibition at the NEC could attract many more than 1m visitors. In any case it is clear that the motorway network which radiates from Birmingham is going to be under heavy pressure and the authorities have sensibly decided to suspend the roadworks on the M5 and M6, some of which are forcing traffic on to suburban roads through road closures. In addition to the well-publicised problems of joints on viaduct sections in and around Birmingham, there is the longer-term problem of deteriorating road surfaces caused by a very much higher proportion of heavy lorries—an increasing number of them juggernauts from the Continent

than was allowed for when the road designs were prepared 12 and 15 years ago. It is not often realised that a 30-ton lorry does 80 times as much damage as a 10-tonner. At the same time a start will be made on the much-needed third lane on the M5 before the end of the year. This is a five-mile stretch to the south-west of the city between Quinton and Lydiate Ash. Nearer the centre, approval to spend £25m over eight years on completing the eastern section of the middle ring road has just been given.

The Motor Show will also pose severe problems for Elmdon Airport, adjacent to the NEC. In a recent week a check on passengers on scheduled flights showed that 29 per cent of them were going to the exhibition. This will be the first time UK and overseas industrialists and visitors are able to come to the show by air, and the airport authorities are preparing to deal with up to 300 company and charter planes a day. "There may be some stacking," Mr. Bob Taylor, the airport director, warned.

Exhibitions have helped to increase the flow of passengers and this year the total is expected to reach 1.25m thus beating the 1973 record of just under 1.2m. This year is showing a 14 per cent growth in traffic, aided by new and improved services and the four-times daily feeder service to and from Heathrow, and twice daily to Gatwick. The improvement underlines the need for a quick decision about the £30m project for a new terminal for which the Government will have to pay 60 per cent. The local authority is firmly against a further extension of the existing terminal, which the Ministry of Transport rightly points out would be cheaper and argues more far-sighted for a new terminal on the other side of the airport which would link up with the NEC, thus completing the dream of having an exhibition centre uniquely served directly by road, rail and air.

A decision is expected within the next six months, hopefully in favour of the new terminal to match the growing importance and progress the airport is making. The increased business, together with an absence of new building work, has taken finances into the black, and this year's net profit is expected to be around £0.5m compared with the £0.3m of 1976-77.

P.C.

## Property market

BIRMINGHAM HAS wallowed in a glut of office space for so long that it still seems almost impossible that one can now begin to talk about a possible shortage on the horizon. But, with some important caveats, that is the fairest way to sum up the position which is now emerging.

At the beginning of the year local agents began to show a degree of returning confidence not seen since 1973. The glut of space was being nibbled at—at an increasing pace—and more importantly in terms of confidence the lettings were to prime covenants at rates not too far from the asking price.

The caveats still applied, of course. First the base asking rents were very low—£1.50 often for modern space, sometimes even air conditioned. Secondly, the pace of lettings was by no means sufficient to hold out hope that all the space built during the 1970s would be absorbed. It was becoming clear that some buildings would never let.

Six months ago this picture was still only a sketch. Now it is beginning to flesh out. By the year end a real pattern should have emerged.

The most encouraging signs are showing in the quarterly space survey of Edward Bigwood and Bewlay, one of the major local estate agents.

The company distinguishes between the three clear districts into which Birmingham has divided as an office centre. At the end of June the picture of supply was as follows:

City centre 630,000 sq ft  
Edgbaston 440,000 sq ft  
Elmdon/Solihull 140,000 sq ft  
The total—1.2m sq ft—is still enormous, particularly as it is largely accounted for in modern tower blocks no more than five years old. But compared with the 31m sq ft which was on the market 18 months ago it is little short of a miracle.

The take-up figures explain the dwindling in the supply. In the 12 months up to the end of June, according to the firm, some 410,000 sq ft was absorbed. During the whole of 1977 the figure was closer to 500,000 sq ft, the extra 100,000 sq ft being explained by one or two unusually large lettings last summer. In the three months between March and June lettings amounted to a further 120,000 sq ft.

Where lettings are concerned the tight financial area is leading the way—with rents of £4.50 (and sometimes above) being achieved in such blocks as the joint Bryant-Samuel Waterloo Court refurbishment. For the past six months or so the city has begun to attract banks to set up offices in this area. Keyser Ullman, for instance, opened a branch in April. Waterloo Court tenants include Algemene Bank Nederland, Hong Kong and Shanghai Banking Corporation and Banque Nationale de Paris.

The important point, however, is that over the past six months significant moves have occurred outside this central belt. The towers around the Inner Ring Road are also beginning to fill up—although, according to some local agents, some of the buildings (because of their poor quality) will never let and should just be pulled down. There are clear signs emerging that the days of rents of £1.50 are now past. Good

modern space in Birmingham can still be rented at bargain rates, well below any of the comparable cities elsewhere in the country, but the level is now likely to be £2.50 to £3 for air-conditioned space.

Further out of the centre, at Elmdon, office rents are more likely to be at the lower end of this scale—around £3—local agents say, though in Solihull itself, where space is already at a premium, £4 upwards can be obtained on a central building.

The reason why the pattern is not yet clear is that a substantial number of rent reviews are at present being negotiated throughout the area, and it will not be until these are completed that the real rental base will be certain. Most if not all of these are reviews upwards from a very low base. As low as £1.35 in some cases. And, with so much space still available at as little as £2.25, tenants are in a strong position to fight for minimal increases.

On the industrial front there is also a new feeling of movement and activity. Mr. P. J. S. Norton, the Commercial Officer in the Birmingham City Council Estates Department, says that almost 200 industrial sites have been allocated by the council in the first six months of this year. This was more than for the whole of 1977. During the period he has monitored enquiries for 21m square feet of factory and warehouse space—again double the level for the same period last year.

Private developers are also beginning to take up land again, particularly in the Ladywood, Castle Bromwich and Hawkesley areas, where the City Council has sold land for schemes amounting to space for nearly 1m square feet of new building.

Apparently demand is also picking up in the inner areas and the Council is expecting a good response from developers for the 35 acres of industrial land in Yardley which it is now advertising. The council is taking a very active role in releasing land as well as in developing small units itself.

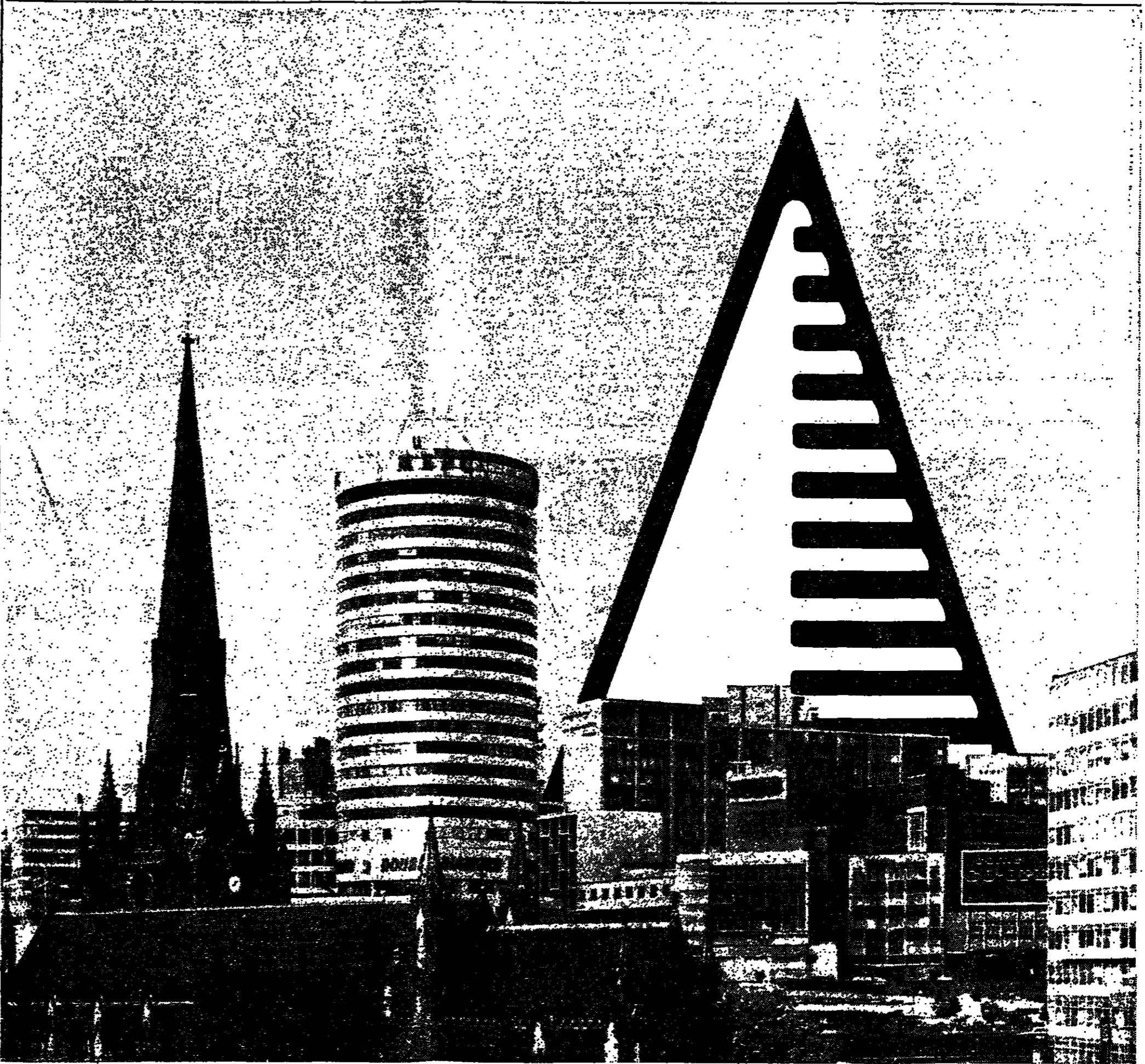
Under the original Government grant of £100m for the rejuvenation of the country's inner cities, Birmingham already had £11m worth of development in progress. Now, with the new allocation, the city has a £30m three-year programme mapped out.

Rents are still modest—the £2 mark which developers hoped to see back in 1973 has still not materialised—but the demand is already beginning to provide upward pressure on modern units with good access. The figure of £1.50 is not uncommon. Key areas where the city plans rejuvenation schemes are Deritend, Duddeston, Saltley and Sparkbrook.

While it is important to stress that Birmingham is coming out of the doldrums in which it has languished since 1973, it is equally important not to suggest that a boom is on the horizon.

On the industrial front, demand may have doubled, but it is from a low base and there is still nowhere near the level of activity which might be expected from the country's industrial heartland.

Christine Moir



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## BIRMINGHAM VIII

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IN MUCH the same way that the recent course of events in the nation's second city have accurately reflected the general state of the economy, so have trends in the UK construction market. Birmingham has always represented the barometer with which the whole nation's industrial and business climate can be tested and its latest experiences serve to prove the rule.

Overall industrial output has been disappointing and investment by companies has, as a consequence, been low. Spending by regional sections of Government Departments and by local authorities has reflected the central Exchequer cuts imposed in the wake of the country's economic ills. Unemployment in a region where lack of jobs has not been a traditional problem has been climbing too high for comfort. It is hardly surprising, therefore, that as a direct consequence of the poor localised as well as economic performance, the civil engineering and building industries in the region have suffered accordingly.

### Brighter

In short, the searching out and winning of building work in and around Birmingham has represented a challenging task and while the outlook may now be beginning to brighten up, no-one in the business expects easy or particularly profitable times ahead.

Domestic construction work generally has been hard to come by and one of the complaints of the smaller contractors, used to operating in a fairly localised area, has been the arrival on the scene of the larger building and civil engineering company. Many of them have been primarily concerned with keeping their teams of skilled and professional people intact and have been forced to look for the smaller packets of work in view of the scarcity of the larger type of contract best suited to their operations. The larger contractor's readiness in many cases to accept lower than normal operating margins has hardly endeared them to the smaller competitor, not that it has done much for their profit figures at the end of the day.

Much of the emphasis in construction work in and around Birmingham recently has been

on modernisation and renovation, with most companies reluctant to embark on new building programmes of any scale. Major new building contracts for clients like BL have proved welcome boosts for the ailing industry, though they also serve to underline the lack of substantial construction contracts around.

Industrial and warehousing development, for so long in the doldrums, has recently shown signs of picking up, an indication that at least some of that corporate reluctance to invest is giving way to contract decisions. On the commercial property front—where there has been a long-standing surplus of accommodation which is only now beginning to be taken up—construction activity is still generally low.

Builders in the region have been complaining that, as if the winning of work was not difficult enough, their operations are becoming increasingly frustrated by ever increasing delays in obtaining planning and building regulations permission. Their complaints in this field have been coupled with the inevitable criticism of the Development Land Tax, which many Midlands house builders in particular claim is keeping essential development land off the market.

Housing is perhaps the one area of construction in the Midlands which has provided a consistently brighter picture for a year or more. The rapid escalation of construction costs has effectively ended and with house prices moving more rapidly than at any time since the last "boom" of 1972-73, the builders can anticipate a suitable return at the end of the day.

When the house building market offers reasonable profits, output in the Birmingham area is always healthy and reflects the traditionally high demand for private housing in the region. Private developers have never attempted to build homes for sale in the centre of the city on the same scale now being achieved in some other provincial centres—the pattern may now change with the swing to inner urban revival—but the outlying areas still provide good opportunities for housing developments of all types and prices.

If housing provides the high spot, however, then civil

engineering activity must represent the least encouraging aspect of the industry's fortunes. The cutback in the major roads programme—which has traditionally provided a major source of work in the Birmingham area—has hit the civil engineers hard, as have reductions in expenditure effecting such essential services (and bread and butter jobs) as sewerage and water schemes. It is ironic that a significant proportion of the roads contracts available now and in the near future around the Birmingham area represent nothing more than remedial works on motorway and major trunk routes built only a few years ago and now desperately in need of repair.

Birmingham itself does not form the home for many of the UK's major building and civil engineering operations, though many of the smaller contracting operations are based in the region. Two of the industry's major names do, however, work out of Birmingham, though they have grown to such a size that their original market place now only accounts for a small proportion of their turnover.

Robert M. Douglas, perhaps best known for its work on the National Exhibition Centre, now operating on the outskirts of Birmingham, is a good case history of a construction group that has grown during hard times at home, largely by expanding abroad.

### Vigorous

The company had pushed up turnover from £24m in 1972 to over £70m in 1977—a fall from the 1976 peak of £75m—largely by pursuing a vigorous expansion and diversification programme. Douglas, which also recently completed ahead of time a ten-mile stretch of the M42 Birmingham-Nottingham motorway, has along with many other contractors been persuaded to seek work in the world's developing regions. It is involved on a 10,000-homes complex in Cairo and has been busy establishing overseas subsidiaries in such locations as Saudi Arabia, Egypt and the United Arab Emirates to cope with the future assembly and management of contracts.

The company has pushed up further afield, to locations like Australia and New Zealand. Not all the successes have been

abroad, however, with Douglas capturing some substantial home contracts in recent months, involving roads, factory and office developments.

Another major name in the civil engineering sector with Birmingham as its home base is the Bryant Group, which has been operating in the region since the last century. Of comparable size to Douglas, Bryant has not so far ventured as far afield as its local competitor, though it has formed a Saudi Arabian company jointly with Sheikh Abdul Aziz Al-Saleh and is now engaged in contracts in that market.

Bryant has not been receiving the best of publicity in recent months, arising out of the trial and imprisonment on corruption charges of one of its directors and two former directors. The group recently announced, however, that C. Bryant and Son is appealing against the £435,000 fine imposed on it while the three men have lodged appeals against their sentences.

A statement, which underlined the strength of the group and said the outlook was good, emphasised that Bryant Holdings was found not guilty on all

charges and that C. Bryant and Son, a subsidiary, was found not guilty on all the conspiracy charges, as well as a number of individual charges, on the direction of the judge.

The order of costs made against C. Bryant and Son, variously estimated at between £13,000 to "over a million pounds" is itself the subject of an appeal by the company. The directors say they have been advised that the costs for which the company may be liable are unlikely to exceed £25,000 and may well be substantially less.

Bryant is clearly determined not to be put off course by recent events and although it expects to report a reduction in building and civil engineering turnover for the year which ended in May, it does not anticipate much of a change in profitability. The group, in which Taylor Woodrow now has a small stake, described as a trade investment rather than the foundation for a takeover, says that the improved outlook for homes and property development and the benefit of additional contract work already won suggests a healthy future.

Michael Cassell



Dimensional checks being made on rotary shaft seals manufactured at the Birmingham-based seals division of Aeroquip (UK).

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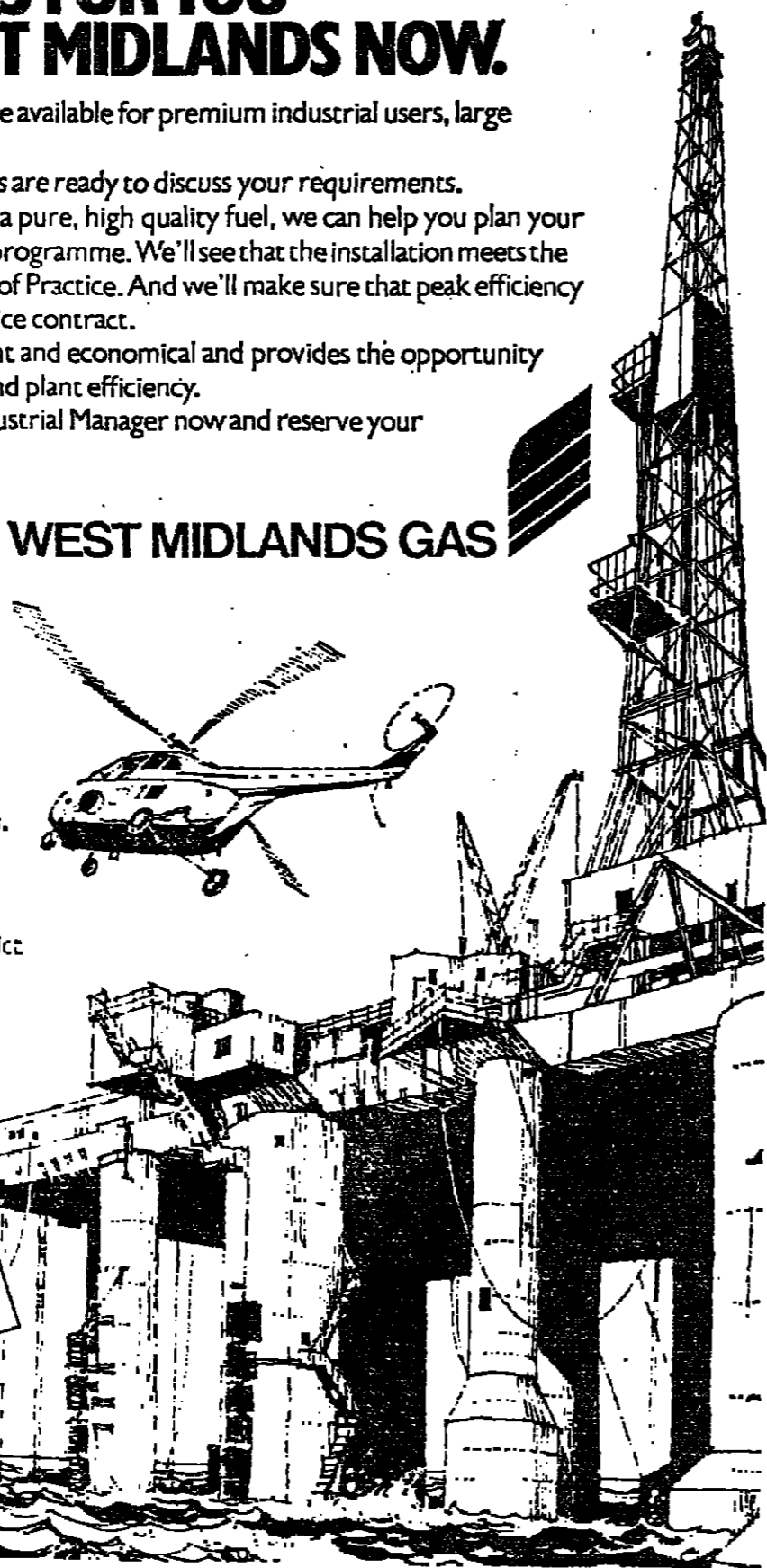
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## Export tradition maintained

AS THE CENTRE of a region producing one-third of the entire nation's engineering and allied goods Birmingham can claim to be the biggest exporting provincial city. This much can be stated without fear of contradiction. What is more difficult is to put it in more precise statistical terms, and a good guess is the most that can be essayed. The best one can do is to look at parallels, and having done so to declare unequivocally—and without much fear of being proved wrong (because of the lack of figures)—that the Birmingham area exports around £1,600m-worth of goods annually. This is no more than a good guess, but if Queen's awards for exporting were awarded to cities there is no doubt at all the Birmingham would get one of the first.

It is the home of inter-nationally well known companies like GKN, the Lucas Group, TI (Tube Investments), Cadbury-Schweppes, Pease, IML, Wilmot Breeden, Birmingham Mint, Dunlop, British Leyland, Triplex, R. M. Douglas, Glyndew, and several confirming houses or export agents well into their second century of world trade.

### Morbid

While the economic buzzards pick over the national statistics and seek to take a morbid delight in displaying the bones, an uncountable and incalculable lot of people in the city—not to be confused with London—are daily getting on with the job of making and selling things abroad. Oilfields are an enormous boost but the GKNs and Lucases of this world will probably last rather longer.

The Export Credit Guarantee Department is a government organisation that provides finance and insurance for exporters. One hundred and fifty years before it came on to the scene, or longer, a considerable number of export agents, or confirming houses were active in Birmingham and have continued to represent the area with the biggest turnover outside London. Two of the oldest members, Keep Bros. and Scholefield Goodman and Sons, finance the international movement of goods between one

country and another worth more than £70m. Although the financing of this business may be, and often is, between two countries other than the UK, the profits seep back into the city. As the most important centre of its kind outside London capable of accommodating the manifold political and commercial risks in world markets they quietly perform a delicate, necessary and crucial job in oiling the trade wheels.

### Involved

But, like thousands of others in the export business, they also make use of the services of the regional ECGD office in Birmingham. This covers both the West and East Midlands and its business has been growing apace. It went ahead strongly in 1975-76 increasing by some 30 per cent and in 1976-77, not a year to be remembered with relish, by another 14 per cent, thus keeping volume ahead of price inflation. This lifted turnover above £2,000m. Some 320 of its customers are in the "millionaire" league through exporting more than this value annually, and they are continuously being joined by others, many of them of medium size. This again is more than any other provincial region.

Several holders export many times more in value and are in the "multi-millionaire" class like the Lucas group, its direct exports last year—its "Go for Gold" export year—of £140m and another £180m worth of indirect exports in which components were incorporated into export products made by customers.

BMIL, the titanium, copper, pneumatic systems, and cartilage group, exported £32m worth of products directly and took overall overseas sales of £169m. Cadbury-Schweppes came up with a tasty £164m, and the list is far from being exhausted. British Leyland, the greatest exporter of the lot, with its volume car plant in Austin Morris division at Longbridge making Minis and Allegros, and the nearby Rover complex at Solihull turning out saloons, Land Rovers and Range Rovers, all of which have a high export content (some 80 per cent for off-the-road vehicles) has still to be taken into account.

Altogether the Export Credit Guarantee Department office in the city turns over in excess of £300m in the Birmingham area and the "millionaire" pins on the marketing map are thickest there. And since the office claims to be responsible now for around half of all its type of export business, a figure of £1,500m worth of exports from Birmingham is probably as near as one can get. Like the confirming houses, or export agents, ECGD is prepared to cover goods that will never see the shores of this country, but likewise bring profits into the city. The products, it should perhaps be added, must not compete with those made in the UK.

Another reflection of the Birmingham area's export-mindedness is to be seen in the work of the Containerbase at Perry Barr, to the north of the city centre just off the A16. This handles full container loads and LCL (less than container load) for smaller exporters who deliver to the Containerbase where individual consignments are grouped together into a full load for transporting to Liverpool, Southampton or some other port.

The operation began in a small way in 1969 when the Australian route was containerised, and it grew again in 1973 when container ships were introduced for the Far East. This year traffic again jumped with South Africa being added, an important market for Birmingham goods.

The Containerbase deals in "revenue tons"—1,000 kilos or 2.25 cu metres. In the past 12 months throughput has risen substantially from 1,100 tons a week to 1,500 "and is still improving." Ninety per cent of the traffic arises within a 40-mile radius of the city and despite all the changes and difficulties encountered in world markets the export-import ratio has varied surprisingly little. It fluctuates at around 75 per cent exports and 25 per cent imports, which again underlines the involvement of the area, with exports and its success in achieving business.

P.C.

## SOCIETY TODAY

# One-seventh of a good report

WE WILL never have a better social security system in Britain unless we redesign the whole of it from scratch — and even then it may not be possible. The latest proposals for reform of the supplementary benefits scheme, which is a small if hideously expensive part of the whole, are thus unlikely to succeed in either of their two principal aims, the first of which is to give better service to the poor, and the second of which is to contain the cost of doing so.

In saying this I have no criticism to make of the proposals themselves. These come in a workmanlike document from the Department of Health and Social Security, which set up a team of officials to review the system of payment of what was once known as "national assistance" and is now called "supplementary benefit". The document is clearly written and well-argued. It does not give the appearance of pulling any punches and, indeed, it is more robust than its equivalent might have been if it had been turned out by a well-balanced committee of outsiders.

What is more, its publication represents an exercise in exposing the main arguments to public debate that those of us who complain about secrecy in government can only welcome.

When a report of this kind refers without apology or mitigating phrase to the scheme's "voluminous instructions" which cannot be fully assimilated or applied "or to growing dissatisfaction among claimants and staff alike," or to "inability to use computers to help with the more repetitive tasks," then it is using the kind of language that makes serious-minded discussion between civil servants and those whom

they are paid to serve possible. None of this, however, makes up for the principal deficiency of the exercise, which is its incompleteness. Six years ago total spending on social security accounted for just a fifth of total public expenditure, excluding debt interest. Today the proportion is moving rapidly towards a quarter. Taken at 1977 prices, the actual spending planned for this year is around £14bn, on retirement pensions, invalidity benefit, child benefit, sickness and unemployment payments, and all the other bits and pieces of social security that go to make up the welfare State (that is, before you start talking about rent and rate rebates, or the national health service, or...).

Of that £14bn, no more than £2bn is spent on the supplementary benefits scheme, and it is on that one-seventh of the social security system that the report from the DHSS officials is concentrated.

They cannot be blamed for sticking to their terms of reference (and indeed they seem to have made valiant efforts to stretch those terms as far as they could be taken),

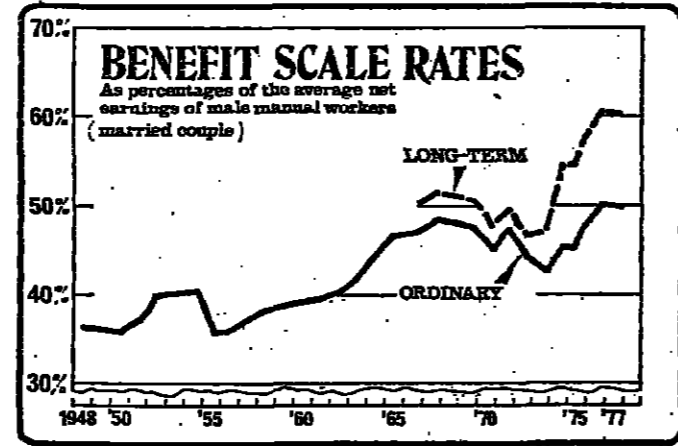
but the trouble is that we live in a climate of opinion in which re-examination of one-seventh of the problem is simply not good enough. The increasing reluctance of wage earners to pay the necessary taxes has been signalled to us from two sides now — first by the Danes, whose tax revolt under Mr. Mogens Glistrup a few years ago put all West European politicians into a brown study, and latterly by the Americans, who are demonstrating the damage that a powerful wave of fiscal conservatism can do to notions of welfare. (The Californian tax revolt will have

a direct effect on U.S. education expenditure.) The signal has, of course, been received by those in Britain concerned with raising the revenue; the question that remains, however, is whether it is really comprehended by those concerned with spending it.

Our DHSS officials show more than a glimmering of understanding. They record the "background of anti-tax feeling

If the necessarily narrow focus is accepted, then the conclusion naturally follows. Fiscal conservatism is not yet strong enough in this country to overcome our civilised desire to provide pensioners, the poor, the unemployed, and the sick with a decent standard of living, or at least one that can be officially defined as such.

Where the challenge from the new wave of anti-tax feeling



restraints on public expenditure." But from this they draw the conclusion that, therefore, no radical change in the supplementary benefits system can be made. The claimants — pensioners, the unemployed, single parents, the sick and disabled — are still there and if we cannot pay them enough in ordinary pensions, or unemployment or sickness benefit, or child allowances, then this 10 per cent of our population must continue to resort to the impossibly complicated set of means tests and official calculations that constitutes the "discretionary" system of supplementary benefits payments.

comes in is asking, "is the narrow approach sufficient?" or "are the assumptions right?" A broader enquiry might have discovered overlaps or inefficiencies between the various systems that make up the other six-sevenths of social security spending. The DHSS report suggests that the main inefficiency is financial (if pensioners were higher, fewer pensioners would need a supplementary payment) but the present political need is for a demonstration that its daunting thought is as far as wider investigations would take us.

Again, the question "are the

assumptions right?" is the most important of them all. Professionals in the business of social administration know with precision what they mean by "need" and "resources" and the necessary difference between them. What taxpayers or the more sympathetic part of the public may mean could be quite different.

This should not be misunderstood. A re-examination of first principles might just as easily result in the conclusion that social security is not generous enough to most of its clients as the possibly more popular conclusion that it is already too generous and should be cut back. In fact we can see from a quick glance that the verdict would be mixed: too generous to some (students?) and not generous enough to others. The important point is that we need a clear exposition of the best set of principles that British society would adopt in the 1980s not a system based on a wartime design that was itself founded on memories of the 1930s.

The contrary view might be, "yes but all past attempts to come up with something better have failed because they are too expensive — see the reverse income tax scheme and its allied proposals." This may well be true; and it might also follow that any wholesale re-examination of social security might produce nothing more encouraging. My point is that the attempt should be made: this Labour Government, with its deep inbuilt conservatism, has not even tried.

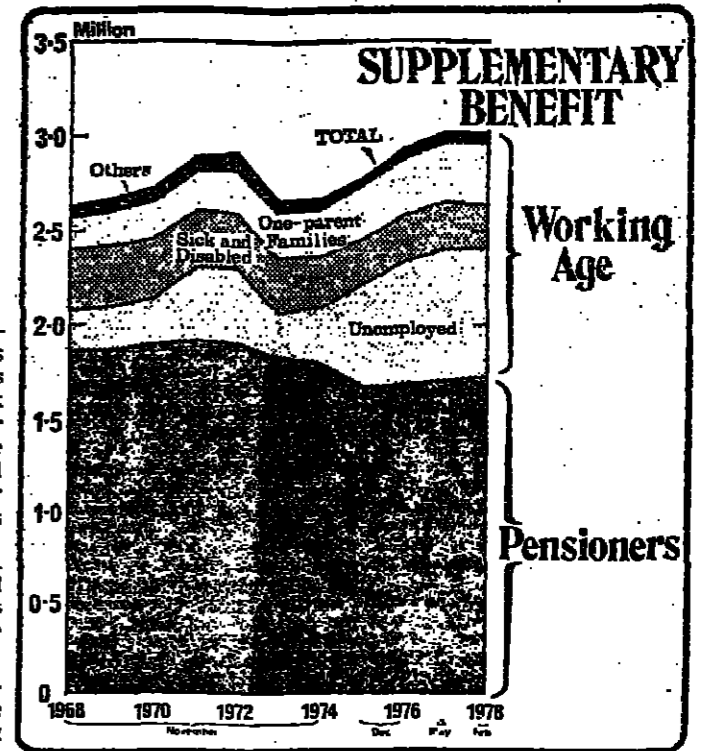
Against such a background the DHSS officials have not done all that badly. They take their

unwieldy Supplementary Benefits Commission as more or less given, and set out the options for trying to make it work better. The essence of their argument is that the tailor-made service (a little extra for coal here, a special grant for clothing there), which was designed to cope with small numbers of people, cannot effectively be administered when there are 3m claimants receiving benefit in any single week.

For one thing, the costs continue to escalate. In 1966 there were about 12,000 officials doing the work, about a third of the staff in the DHSS local offices. Now there are 30,000 working on supplementary benefit — more than half the total staff in the local offices today. They pay out just 14.5 per cent of the budget. For another, the millions of individual judgments made necessary by the system inevitably throw up inconsistencies and challenges, leaving all parties feeling aggrieved.

The officials' chosen way out — put as one of a number of possible choices — involves what they admit would be "some element of rough justice." They want new, simpler, general rules, with discretion reserved for the few extraordinary cases.

For example, one-third of new awards of benefit granted each year are discontinued within a month — that is, the claimant just needed some "tiding over" help. The suggestion here is that a new short-term scheme, with no frills and no attempt at fine tuning, be adopted for all new cases — thus saving much haggling and much administrative time. When cases became long-term, they could be readjusted.



Another immense simplification would be for the Supplementary Benefits Commission to shed the burden of paying rent. The Government could arrange this by rationalising the present system of rent and rate rebates, plus all the other forms of housing subsidy. Our DHSS officials are less able to see this matter than they are in others, because the whole subject is now being studied by yet another group of officials, across the departments. One option is a single income-related housing allowance. As with all matters of housing, this might help some, but it would probably have to leave some others worse off if it were not to be prohibitively expensive. This no doubt accounts for the present unfortunate reticence on the subject.

A further easing of the administrative burden might be to replace the existing discretionary allowances by single, and inevitably higher, rates. The last time this was done the result was higher rates, plus the discretionary allow-

ances (which soon crept back). Perhaps that lesson has now been learned.

It will be seen from even this short account of the new review of Supplementary Benefits that the connection between the present scheme and the rest of our welfare system is so close that it cannot properly be ignored. One great saving that could be made in public expenditure would be to spend less on council housing, a policy which would include the extraction of more in rent from those who could well afford to pay. It is by no means axiomatic that the revenue thus made available would be given back to the taxpayers; it could as easily be diverted to more pressing areas of need elsewhere in the system; to, say, the disabled or families on low incomes. But before such changes can be made we need a broader study.

\* Social Assistance. A Review of the supplementary benefits scheme in Great Britain. DHSS, July 1978.

Joe Rogaly

## Letters to the Editor

### Funding Gilt

From Mr. A. Ellinger

Sir—Once again experts are advocating the sale of Gilt-edged stocks by tender and once again other experts are saying that this would be an unsatisfactory solution of the funding problem. I wonder if my family experience is relevant? The American crisis of 1907 provoked a widespread default by the Chinese textile dealers in Shanghai. Nothing of this kind had occurred before in that port and the importers there and their exporting counterparts in Manchester were faced with a severe problem for the disposal of the goods which had previously been ordered. There was one important house which had for many years been selling cloths by auction and in this new crisis two others followed this example. All this happened 70 years before I entered the business and I am naturally not cognisant with the details. As far as I know the main goods sold were white shirts and black ties in twills. At so early a date there may still have been sales of grey cloth, especially as one of the auction houses certainly at a later date had mills in Shanghai. The commodities of the importing houses kept in close touch with the dealers and the importers cleaned from their reports sufficient information to determine the quantities and qualities to be sold at each auction.

Is the problem of the Bank of England in disposing of Gilt-Edged now so different from that which faced the Manchester exporters and the Shanghai importers in 1908? When it comes to a matter of satisfying a market for short Gilt, so different from grey cloth, medium Gilt from whites and long Gilt from the blacks? The objection that the sales might go into the hands of some banks does not seem very grave: is there anything at the moment to prevent the banks from buying top issues?

Surely what is wanted is a technique which enables the vendor to control his volume of sales but saves him from the embarrassment of fixing the price.

The system which was introduced to overcome a crisis lasted in the case of my family business for 20 years.

A. G. Ellinger,  
Investment Research,  
25, Paxton Street, Cambridge.

### Nuclear energy

From Professor D. Pearce

Sir—Two mentions in one week in the Financial Times is, of course, indirect flattery, but David Fishlock's reference to my speech to the Uranium Institute on July 11 (F.T. July 14) tute on "secrecy disguised" as being "sympathy for those who oppose nuclear energy" would make Justice Parker's selectivity in reporting Wind-scale evidence fade by comparison. I am not on record in the Uranium Institute speech, nor in the several other publications in any public statement as saying I sympathise with the anti-nuclear opposition.

I do sympathise, indeed openly advocate, sensible and publicly accountable decision procedures in investments with "national" dimensions. The Wind-scale reproduction plant and CDFR 1 (commercial development fast reactor) are, in my view, and in that of the Government, such issues. The essence of my argument is that failure to modify planning in-

stitutions to account for these requirements will lead us into a situation that is worse from the social standpoint (since conflict will replace debate) and which is worse for the nuclear industry (since delays to installations will be longer, not shorter). I don't expect agreement with my views, but I do expect accuracy of reporting. Mr. Fishlock may wish to consider whether he has sustained the letter in ascribing views to me that I do not possess nor for which I can cite any evidence.

D. W. Pearce,  
Department of Political Economy,  
University of Aberdeen,  
Edwards Wright Building,  
Dunbar Street, Old Aberdeen.

### A choice of freedoms

From Mr. M. Brady

Sir—I was much interested to read Mr. Eyres' description of Mrs. Thatcher's Conservatism as "monetarist, free market [and] immigration controlling" ("Right-wing Tory voices fear over Heath return," July 12). Mr. Eyres is one of the more intelligent Tories yet he contradicts himself in less than half-a-dozen words. A free market implies the absence of restrictions on the individual's choice of trading partners yet immigration control constitutes just such restrictions. I trust that Mr. Eyres will have revised the contradiction in favour of the freedom by the next time he speaks.

Mark Brady,  
3 Elmdene Court,  
Constitution Hill,  
Woking, Surrey.

### Industry and universities

From Mr. R. Jackson

Sir—With reference to Mr. Todd's letter of July 7, I would like to make a point which enables the vendor to control his volume of sales but saves him from the embarrassment of fixing the price.

The system which was introduced to overcome a crisis lasted in the case of my family business for 20 years.

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### Venture capital

From Mr. C. von Lutitz

Sir—Your article on "Venture capitalists" (July 11) pointed out correctly that few of the companies mentioned could indeed be regarded as true venture capitalists. The term "venture capital" covers many varied requirements including finance for innovative development, prototype development, start-ups and young companies without assets backing others may add other categories. To be helpful to potential users of "venture capital," it is necessary to specify which of the above categories different sources will back.

Your article also presented a group of companies as "the venture capitalists" when several of them require a history of minimum profits which puts their investee companies above the strict definition of "venture capital." On the other hand there are companies outside the "group," who are probably more directly involved in supplying at least some types of venture capital.

Particular problems in this field are the reluctance of most small business financing institutions to give active management assistance to their investments, and the shortage of institutional sources willing to provide fully risk sharing finance for the very small start ups partly because they will not undertake the necessary marketing research and appraisal.

Christoph von Lutitz  
Capital Partners International  
Westland House,  
17c Curzon Street, W.1.

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### Delays in the mail

From the Managing Director,  
Bryans Southern Insurance

Sir—The recent correspondence concerning the postal delays was published during the time in which I was carrying out a survey of delivery times of letters received in this company.

Over the last 2 weeks we have received over 700 letters by second and first class and overseas post (these do not include obvious mail shots or letters

where the postmark was blurred to the point where we could not identify the actual posting date). Analysis of the 700 letters indicates the following:

The average delivery time for second class post was 4.25 days but that actual delivery can be as short as 2 days and as long as 12. Forty-two per cent of the second class post took more than 5 days to arrive and 1 per cent took more than 10 days to arrive.

Of the first class mail, average delivery time was 1.6 days but 17 per cent took 3 or more days to arrive (despite the Post Office claim that some 95 per cent of letters are delivered the following day).

Average overseas post took 8.6 days and of these letters 15 per cent took 10 days or more, while only 7 per cent took 4 days or less.

Our overseas post comes from all over the world but the great bulk is received from our agents in the capital cities of Europe and one would therefore expect to receive their post within 3 days. In practice, much of the mail, particularly from France and Italy, is taking well over a week and we frequently find that of letters posted several days apart, the one posted last arrives days before the one posted first.

Apart from the very high cost of postage for such incredibly inefficient service, I now also recognise why the telecommunications side of the Post Office is so profitable, because with urgent overseas mail taking so long we frequently have to resort to unnecessary telex and telephone communications in order to sort out problems which should be cleared up by normal correspondence.

It seems incredible that 25 years ago, as young sailors in Hong Kong, we were able to receive mail from the UK in 3-4 days regularly and yet today where communication is even more vital, our average delivery times are 3 times as long for only one tenth of the distance.

J. W. Lodge,  
Wilton Lane,  
Mickham, Surrey.

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Wilton Lane,  
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J. W. Lodge

# COMPANY NEWS

## Currency swing leaves Rank £3.5m lower at £57.6m

WITH CURRENCY movements wiping £15m from the Xerox companies' trading contribution, taxable profit of Rank Organisation dipped from £61.07m to £57.53m in the 26 weeks to May 13, 1978.

Turnover for the period was up from £206.79m to £222.05m and the group's trading profit was £12.48m (£11.19m). The Xerox contribution was down from £60.46m to £53.65m while other associates contributed £2.38m (£2.37m).

Directors say results of the Rank Xerox companies last year were benefited substantially from currency movements and that this year's decline masks an underlying performance growth of some 12 per cent.

Mr. Harry Smith, the chairman, says there are good reasons to believe — subject to currency influences — that the group can maintain, overall, a rising trend in profitability in spite of the difficult economic conditions faced in many markets.

After interest of £11.17m compared with £12.50m last time and tax of £25.71m (£22.05m) all profits came out at £28.54m (£23.3m) before minority interests of £1.24m (£1.72m).

Earnings per 25p share are shown at 13.5p (17.9p) and the interim dividend is lifted from 2.15p to 4p net to reduce disparity. Last year, from record profits of 124.46m, a 3.84622p final dividend was paid.

Mr. Smith says Rank Precision Industries continued to trade satisfactorily although markets are increasingly competitive. Rank

Radio International made further progress in reducing the level of losses through improvements in operating efficiency and a gain in market shares.

Rank Audio Visual had a disappointing period. Demand was static and margins unsatisfactory. Since end of the period, there has been some improvement. Rank Film Laboratories figures were better than last year and the video centre made progress.

Budin's results are not included but results for the year are expected to be better than 1977 with reservations running ahead of last year and newly acquired facilities in France also showing a satisfactory level of bookings.

On Rank Industries Australia, he says the decline in the market in Australia for colour television sets and other consumer durables has been more severe than expected and the Board does not anticipate any marked improvement during the remaining months of the year. Nevertheless, subsidiary's position as a market leader in colour television, with action to broaden its product range, provides a sound foundation for the company's future and will lead to satisfactory results as soon as market conditions improve.

Further sales of UK property have been concluded or agreed to realise £7.22m, in excess of book value and the directors' valuation at October 31, 1977. The excess is not included in reported profit.

Rank Hotels maintained the level of trading achieved last year and bookings for coming months at London hotels are at a high level. In film exhibition, largely because of two exceptional films, admissions have shown a substantial increase and results have accordingly shown a marked improvement. Other leisure activities, including Top Rank Clubs, are performing satisfactorily.

### Rank Precision

At Rank Precision Industries, the subsidiary, pre-tax profit was down from £24.87m to £21.09m after including Rank Xerox profits of £26.83m (£20.23m), a £3.07m (£3.84m) trading profit, interest of £1.61m (£2.17m) and interest paid of £0.42m (£0.37m).

After tax of £15.43m (£15.82m) and minority interests of £0.44m (£0.42m) attributable profit was £15.22m (£15.82m). The company has already declared two interim dividends totalling 148.5p per £1 share. Last year dividends totalling 191.5p were paid on full year profits of £50.86m.

Mr. Smith says currency movements reduced the Xerox profits before tax by £5.5m in comparison with results for the corresponding period last year.

The results for Rank Precision Industries for the period were closely in line with those for the same period last year and it is expected that this trend will continue for the remainder of the year, he says.

See Lex

## RIT revenue up £0.5m—pays 7p

THE DIRECTORS of Rothchild Investment Trust are lifting the dividend for the March 31, 1978, year from 5.5p to 7p net per 30p share with a final payment of 5.5p, based on 33 per cent ACT, from basic earnings of 9p per share against 6.33p last time; fully diluted they are 8.7p (6.7p).

Revenue for the year emerged £0.51m higher at £2.12m after all charges, including tax of £1.73m against £1.65m. Dividends absorb a total of £1.33m (£1.04m).

As at March 31 net assets totalled £13.5m (£13.9m) and assuming full conversion of convertible loan stock, convertible loan notes and convertible preference shares, they are shown as £17.1m (£19.3m).

Net asset value per share is given as 266p (211p) and 250p (211p) post conversion, and 325p as at July 11, 1978 compared with 250p post-conversion. At March 31 the holdings in Magnum Fund and its subsidiary were valued at £15.19m; some £18.67m, being the estimated sterling equivalent of the proceeds from the sale of these holdings, is included in the net asset value figure as at July 11.

### comment

Rothchild Investment Trust has

performed better than average. The 18.5 per cent increase in post conversion net asset value per ordinary share over the year was based on growth in value of plantation investments, the strength of its Sotheby's holding and the Lep Group investment. Group profit after all charges rose 31.6 per cent and the dividend to shareholders is up by 27 per cent. There were changes within the group revenue which reflected the RIT's interest in Wedd Durlechner from an investment in a company to an investment in a partnership.

As a result revenue from dividends and interest dropped while underwriting, dealings and jobbing income rose. The market reacted favourably to the result and the shares closed at 209p giving a yield of 3.2 per cent. The price represents a 41 per cent discount of the unaudited backing as at July 11, taking in the Magnum sales proceeds.

The society advanced £710m during the first six months of 1978 against £435m in the first half of last year and £1.1bn for 1977 as a whole. Total lending this year says Mr. Timmer, "thoroughly satisfactory".

The Society's ratio of liquid funds to total assets stood at a "thoroughly satisfactory" level of 19.72 per cent compared to 20.81 per cent at the end of 1977 and 18.80 per cent 12 months before. The Abbey's reserve ratio rose to 3.72 per cent by the end of June this year against 3.5 per cent at the same stage in 1977.

At the end of June, shareholders' and depositors' balances stood at £3.30bn against £3.1bn a year earlier. Mortgages balances rose to £4.6bn from £3.8bn.

### Reed Nampak ahead in first half

Pre-tax income of Reed Nampak, 62.6 per cent owned subsidiary of Reed International, rose from an adjusted £10.67m to £14.31m for the first half of 1978, on turnover ahead by £11.28m to £76.84m.

Pre-tax income for the whole of 1977 was £24.27m on turnover of £141.7m.

Directors say that the improvement in first half results can be attributed to increased sales volumes, significant cost and waste reductions, together with better profits in recently acquired businesses. Taking into account the expected upturn in the economy and the better trading conditions normally experienced in the industry in the second half

### ISSUE NEWS

#### £3m variable rate stock by Wandsworth

London Borough of Wandsworth is placing £3m Variable Rate Stock 1983 at 2001 per cent.

The issue, payable in full on application will be redeemed at par on July 20, 1983. Interest will be payable half-yearly on January 20 and July 20. The first payment will be made on January 20, 1979, amounting to £3.68 per cent. Subsequent payments will be 1 per cent per annum above LIBOR, which is 1 per cent higher than on earlier issues.

Stock certificates will be posted on July 19, 1978. The placing has been arranged by Pember and Boyle.

### WHITECROFT SUB-DIVISION

Whitcroft is proposing to split its 30p Ordinary shares into 25p units in order to aid marketability. If the directors' proposal is approved at EGM on July 31, the new shares will be traded from August 7.

Also proposed is an increase in the group's borrowing limit from £3.5m to £3.5m. The board says, however, that it does not intend to take advantage of the new limit to any great extent in the foreseeable future. Borrowings amounted to about £2.5m at the end of last year.

It is also proposed to update preference shareholders' rights and increase the net preference dividend from 3.85 per cent to 4.1 per cent. Whitcroft has interests in textiles, building and engineering supplies, engineering and construction.

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## Status Discount jumps to £1.6m in first half

RESULTING FROM increased demand stimulated by promotional activity in own-label products, particularly paint and self-assembled kitchens, pre-tax profits of Status Discount leapt to £1.61m for the 26 weeks to June 17, 1978, compared with £396,000 for the previous 26 weeks. Sales jumped from £1.7m to £16.41m.

Provided demand for the company's own-label paint, then full-year results should be highly satisfactory, say the directors. For 1977-78, a record £1.3m taxable profit was achieved.

They report that closure of the smaller, uncommercial units has continued and at June 17, 1978, the company was trading from 48 locations. At least four new stores will be opened in the coming months and the company is making significant progress with its policy of upgrading existing stores.

After tax of £599,000 (£594,000) net profits for the period were ahead from £502,000 to £782,000. The net interim dividend is lifted to 0.1p (0.05p) per 10p share, totalling £161,000 (£166,000) last year's final was 3.40pp.

As a result of the disposal of three freehold properties, long term borrowings have been further reduced to £58,000. The directors say facilities available to the company are more than adequate to cover foreseen working capital requirements.

Net surplus on the disposal of freehold properties based on original cost less tax amounted to

£225,000 (£406,000) at June 17, 1978. This comprised a surplus on revaluation now realised of £230,000 less an £8,000 deficiency of proceeds against book value, offset by a £5,000 adjustment of deferred tax arising on disposal of assets.

Properties sold in 1977 were leased back. The 1978 pre-tax result was after a £23,000 charge for depreciation.

### comment

The market had been banking on some exceptional figures from Status so half time profits only 5 per cent below the record level for the whole of last year had little impact on the shares.

The success at Status reflects the concentration on own label products—90 per cent of sales—where margins are at least twice as high as in branded goods while saving to the consumer ranges from 15 to 40 per cent. Demand for kitchen furniture has been particularly strong and now accounts for around 65 per cent of group sales against 40 per cent last year. Paint has also been a strong mover as own label products continue to gain market share from the brand leaders. The trend has continued into the traditionally stronger second half

as Status could be heading for around £34m pre-tax. That would put the shares at 190p on a nominal p/e of 81 but a yield of under 4 per cent (covered over five times) may be an inhibiting factor in the absence of any bid approach.

## Abbey expects to lend £1.4bn this year

ASSETS OF the Abbey National Building Society rose during the first half of 1978 by 8.3 per cent to reach £5.8bn, the first half of 1977 they grew by 10.5 per cent, while during the year as a whole they rose by 24.5 per cent.

Figures published yesterday by the Abbey, the UK's second largest building society, showed that gross receipts during the first half of 1978 reached a record £1.37bn but withdrawals also reached a new half-yearly high at £941.1m.

The society advanced £710m during the first six months of 1978 against £435m in the first half of last year and £1.1bn for 1977 as a whole. Total lending this year says Mr. Timmer, "thoroughly satisfactory".

The Society's ratio of liquid funds to total assets stood at a "thoroughly satisfactory" level of 19.72 per cent compared to 20.81 per cent at the end of 1977 and 18.80 per cent 12 months before. The Abbey's reserve ratio rose to 3.72 per cent by the end of June this year against 3.5 per cent at the same stage in 1977.

At the end of June, shareholders' and depositors' balances stood at £3.30bn against £3.1bn a year earlier. Mortgages balances rose to £4.6bn from £3.8bn.

### Reed Nampak ahead in first half

Pre-tax income of Reed Nampak, 62.6 per cent owned subsidiary of Reed International, rose from an adjusted £10.67m to £14.31m for the first half of 1978, on turnover ahead by £11.28m to £76.84m.

Pre-tax income for the whole of 1977 was £24.27m on turnover of £141.7m.

Directors say that the improvement in first half results can be attributed to increased sales volumes, significant cost and waste reductions, together with better profits in recently acquired businesses. Taking into account the expected upturn in the economy and the better trading conditions normally experienced in the industry in the second half

### ISSUE NEWS

#### £3m variable rate stock by Wandsworth

London Borough of Wandsworth is placing £3m Variable Rate Stock 1983 at 2001 per cent.

The issue, payable in full on application will be redeemed at par on July 20, 1983. Interest will be payable half-yearly on January 20 and July 20. The first payment will be made on January 20, 1979, amounting to £3.68 per cent. Subsequent payments will be 1 per cent per annum above LIBOR, which is 1 per cent higher than on earlier issues.

Stock certificates will be posted on July 19, 1978. The placing has been arranged by Pember and Boyle.

### WHITECROFT SUB-DIVISION

Whitcroft is proposing to split its 30p Ordinary shares into 25p units in order to aid marketability. If the directors' proposal is approved at EGM on July 31, the new shares will be traded from August 7.

Also proposed is an increase in the group's borrowing limit from £3.5m to £3.5m. The board says, however, that it does not intend to take advantage of the new limit to any great extent in the foreseeable future. Borrowings amounted to about £2.5m at the end of last year.

It is also proposed to update preference shareholders' rights and increase the net preference dividend from 3.85 per cent to 4.1 per cent. Whitcroft has interests in textiles, building and engineering supplies, engineering and construction.

## Montague Meyer down £1.3m after overseas setback

SECOND HALF profits of Montague L. Meyer, timber merchant group, fell from £6.53m to £5.48m and left the pre-tax figure for the full March 31, 1978, year down at £12.95m against £14.29m.

In their interim statement the directors reported a slight downturn from £7.66m to £7.47m but added that since the end of September profitability had been maintained at a satisfactory level. They said the strength of sterling, in relation to currencies of some supplying countries, may cause a temporary reduction in margins in the last quarter.

Turnover for the year was ahead by £25m to £247m. After tax £5.66m, reflecting the benefits of allowances in respect of capital expenditure and stock relief, compared with a low £1.52m, earnings are shown to be down from 21.4p to 12.7p per 25p share and

11.3p (12.6p) on a 53 per cent tax charge. The dividend is stepped up to 4.67311p (4.10846p) net with a final payment of 2.97311p, based on a 33 per cent ACT.

A geographical analysis of profits shows that earnings in the UK were only marginally lower despite falling softwood prices and the need to write down stocks to net realisable value. The main reduction, they say, was in

Australia and the Far East whose contribution to profits declined from £1.23m to £50,000.

Pre-tax profits included associates' contribution of £223,000 compared with a £257,000 loss last time. Attributable profit £5.98m (£11.7m) emerged after minorities £12,000 against £22,000 and, for last time, an extraordinary debit of £648,000 which was the amount written off investment in an associate company.

A current cost statement prepared in accordance with the Hyde guidelines shows a pre-tax profit of £14.3m and retentions of £3.7m.

The balance sheet has been strengthened, director state, as a result of the £15m medium term loan raised during the year, and short-term borrowings have been reduced by a similar amount.

See Lex

## A. Preedy 13% ahead to £1.2m

AFTER ADVANCING from £0.2m to £0.29m at halfway taxable profit of Alfred Preedy and Sons ended the March 25, 1978, year ahead almost 13 per cent higher at £1.21m against £1.07m previously. Turnover rose 17 per cent from £45.06m to £52.53m.

Directors said in January they were budgeting for a further improvement in trading in the second half.

After tax of £257,007 (£279,940) and minority interests, attributable profit came out at £0.95m (£0.99m).

As forecast at the time of its one-for-four rights issue a final dividend of 2.275p takes the payout from 1.422195p to 2.35p net per 25p share. Earnings per share are shown at 13.65p against 14.70p last time.

Preedy is a wholesaler and retailer of tobacco, confectionery, stationery, books, magazines, etc.

### comment

While in line with rights issue forecast, Alfred Preedy's full-year profits rise of nearly 13 per cent reflects difficult trading in the second half. The problem is in the tobacco side which is having to contend with declining demand (cigarette sales are around 6 per cent lower for the period) and a retail price war. This is putting pressure on margins and there are no signs of any improvement. While tobacco sales are 13 per cent higher (a figure which contains a duty increase), the contribution to group turnover dropped from 68 per cent to 67.5 per cent. There was little support from newspaper sales—profits from this area were £16,000 lower because of the wholesalers' dispute. Meanwhile the £0.84m rights has substantially improved the balance sheet and with the cash balance up from £0.15m to £1.2m, Preedy has plenty of scope for acquisitions and new openings in the current year. So far 12 new branches are in the pipeline, with the possibility of another eight to be confirmed. With most existing outlets in a static position, Preedy will have to lean heavily on new

openings for growth in volume sales. At 85p, the shares are on a p/e of six while the yield is 5.2 per cent. This compares with Martin the Newsagent's 6.4 and 4.4 per cent.

The directors state the current year has begun well and unaudited profits for the first three months show an improvement of more than 50 per cent above last year's comparable period.

The 1977-78 result was struck after interest of £784,000 (£176,000), but was before tax of £2.33m (£1.86m). Profits attributable to ordinary holders emerged ahead from £1.64m to £2.21m.

The group's business includes a wholly-owned subsidiary of motor and electrical engineering Incheape and Co., advanced from

## Fixed Deposits with Lombard

If you have £5,000 or more to invest for a fixed period of 3 months or longer, telephone our Treasury Department on 01-623 4111 or 01-623 6744 for up-to-the-minute competitive interest rates. Interest is paid without deduction of tax at source.

**Lombard North Central**  
Limited  
Bankers

Treasury Dept., 31 Lombard St., London EC3V 9BD. Telex: 884935.

## Baker Perkins. World engineers.

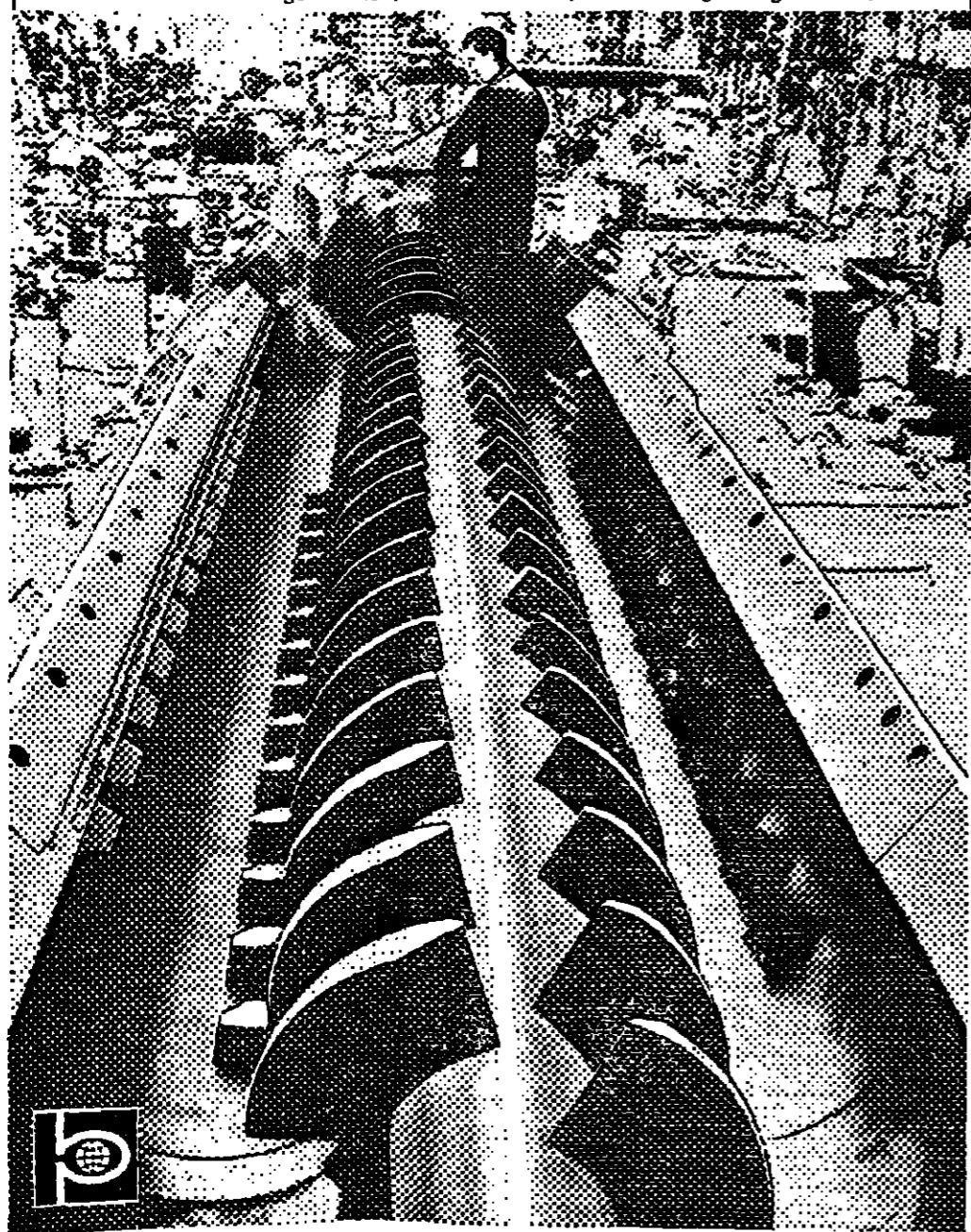
We sell to every continent. Baker Perkins plant produces bread, biscuits, cakes and confectionery. Our machines also package these products — and tea and pharmaceuticals — giving protection, hygiene and convenience. For chemicals and plastics we specialise in mixing (as seen below),

compounding and separating machinery. Most of the world's antibiotics are extracted on our plant. Baker Perkins also produces high speed printing presses, foundry sand mixers and specialised bearings for a wide range of engineering applications.

### Outstanding points from the Report and Accounts for the year ended 31 March 1978

- Overseas turnover 71% of total sales of £86.5 million.
- Profit before taxation £8.9 million, an increase of £1.0 million over the previous year.
- Profit before interest and taxation — 22.8% on funds employed.
- Investment for the future — £5.7 million capital expenditure and £2.2 million spent on research and development.

A copy of the Report and Accounts will be sent on application to the Secretary Baker Perkins Holdings Limited, Westfield Road, Peterborough, England PE3 6TA



## How much faith should you put in last year's property valuation?

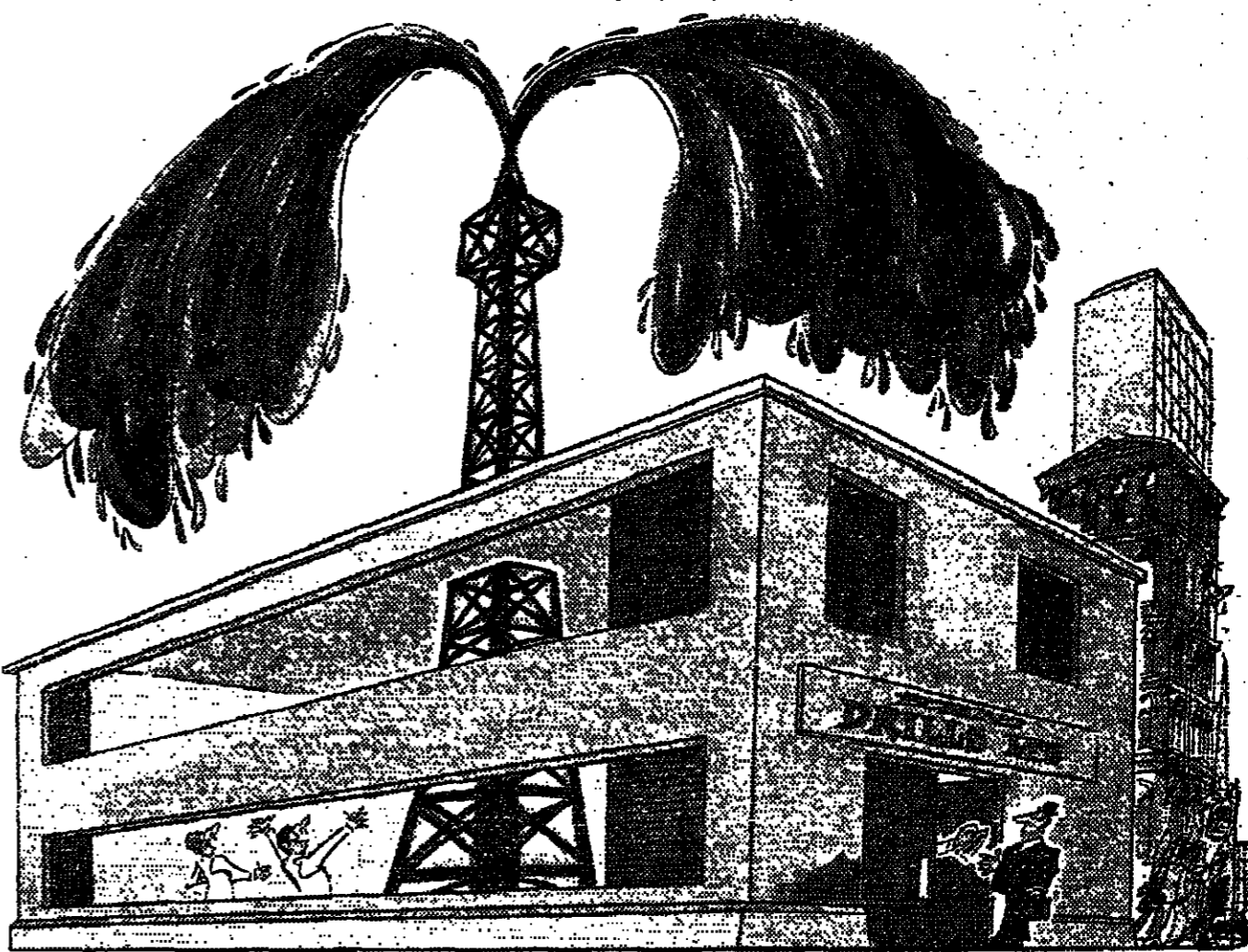
If it's losing you rent that's rightfully yours; causing you to run unnecessary insurance risks or has simply been out-dated by yet another requirement of government legislation — then, obviously, very little.

Fortunately, such a situation is easily remedied. Some regular attention from qualified professionals such as St. Quintin's can provide you with a valuation that's accurate and up-to-date enough to form the basis for realistic business decisions.

St. Quintin have been providing valuation and investment letting and leasing, planning and developing services for commercial and industrial properties since about 1830.

Today, some of Britain's largest companies, property and pension funds, come to firms like ours for sound, balanced and thorough advice on their property problems in the U.K., and throughout Europe.

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1040 Brussels. Telephone: 010 322 219 32 88  
Telex: 61182



# Standard Chartered

BANK LIMITED



## Comments by the Chairman, The Rt. Hon. Lord Barber

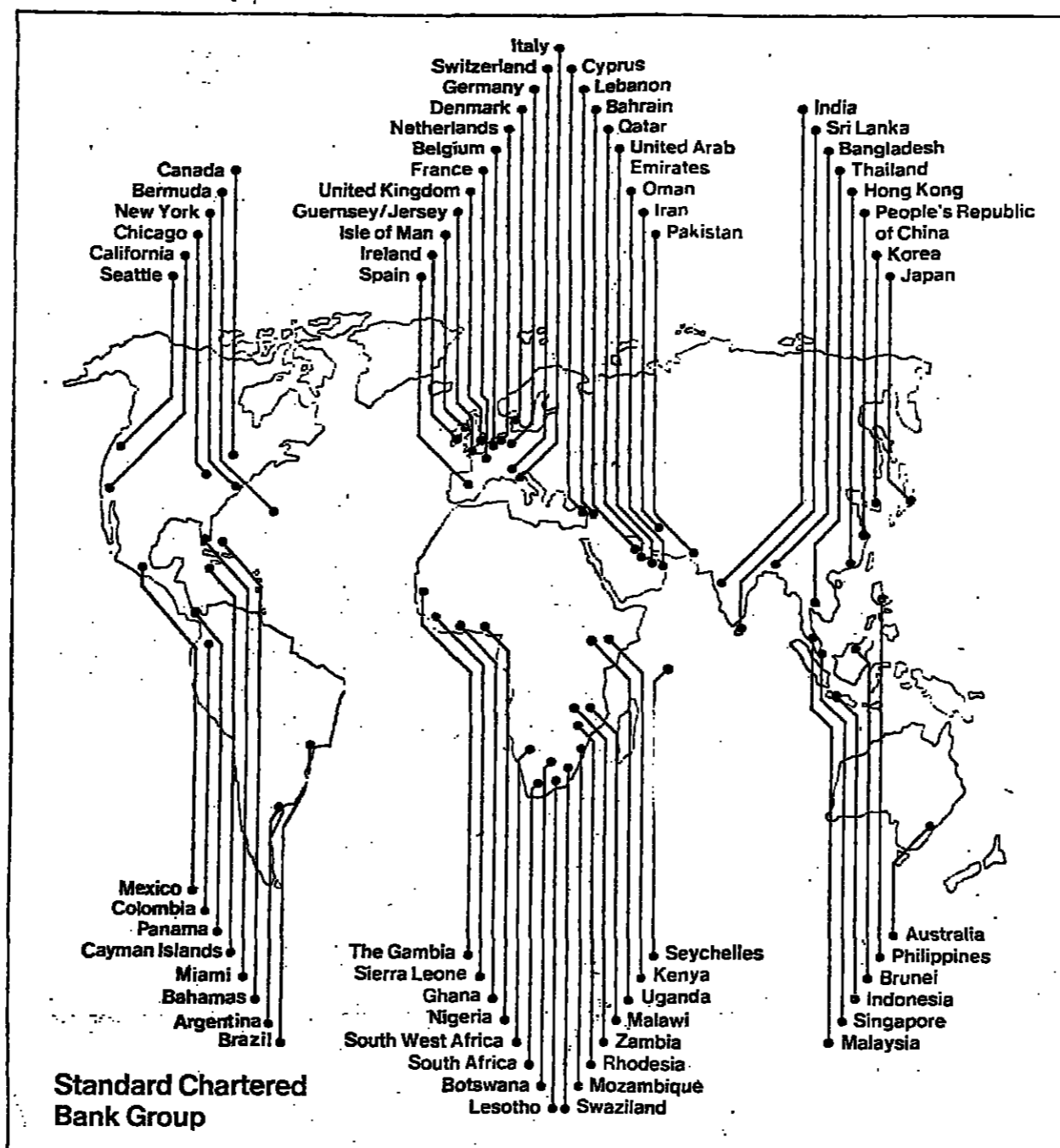
### GROUP RESULTS

The trading profits of the Bank and its subsidiaries for the year ended 31st March 1978 were £107.2 million and the Bank's share of associated companies' profits amounted to £18.9 million, giving total profits before taxation and extraordinary items of £126.1 million. This compares with £109.9 million in the previous year. Earnings per share amounted to 78.9p against 69.9p last year. At the end of March total Group assets stood at £8,494 million, compared with £7,653 million a year earlier.

When judging the results for the year it should be borne in mind not only that the economic climate in which the profits were earned was in general unfavourable, but also that, compared with last year, overseas earnings in sterling terms were reduced by the appreciation of the pound.

### GROUP STRATEGY

The prime objective of our Corporate Strategy is to strengthen our position as a leading international bank and we are doing so by expansion in present and potential growth areas, extension of existing networks and the acquisition and establishment of new subsidiaries. We are concentrating on those activities in which we have proved our ability to succeed, namely commercial banking. In the course of the year the Bank and its subsidiaries opened or acquired a further 61 offices in various parts of the world, and we have increased our capacity to provide ancillary financial services.



More recently, shareholders will have seen the announcement of the agreement in principle for the acquisition by Standard Chartered of the business and assets of Union Bancorp in California, the main subsidiary of which is Union Bank. This is the most important development since the Standard Bank and The Chartered Bank joined forces just over eight years ago. The merger of our existing subsidiary in California with Union Bank will give Standard Chartered a substantial dollar based business in a major growth area. It will also improve the strength and balance of our worldwide banking operations.

### STAFF

It may come as a surprise to some to learn of the size of the Standard Chartered family. At the end of 1977 employees of the Bank and its subsidiaries numbered 41,828.

The Group has in its constituent parts employees of all races and creeds, and wherever we operate throughout the world our policy is to create conditions for advancement on merit.

### THOUGHTS ON STABILITY

I should like now to turn to a matter of direct concern to Standard Chartered, namely the free, or relatively free, pricing of currencies. Having had experi-

ence from a government standpoint with both fixed parities and floating rates, I have no doubt that the floating system is to be preferred. The world has in general been spared the very large speculative flows and harmful periods of suspense experienced under the fixed parity system while an official seal was being put on rate changes already foreshadowed on the markets.

Yet in terms of steadiness the floating system leaves much to be desired. Shifts in the view taken of currencies have generated understandable and legitimate attempts among dealers and businesses to anticipate market reactions, and their predictions have often been self-fulfilling.

In Europe, governments now have an opportunity to move towards agreement on a policy of constructive stabilization. The recent proposal of the West German Chancellor that there should be a partial pooling of official reserves within the European Economic Community with a view to more powerful and concerted intervention in currency markets points the way forward.

Some may view action of this kind as presaging moves to full Economic and Monetary Union. This is to place vision above practicality. The type of co-operation which I have touched upon, realistic in its aims and within the reach of governments, could contribute much to the confidence of the international trading and financial community.

**Total Assets exceed £8,400m**  
**Total Deposits exceed £7,900m**  
**1,500 offices in 60 countries**  
**around the world.**

Copies of the Report and Accounts and of the Chairman's Statement may be obtained from the Secretary, 10 Clements Lane, London EC4N 7AB

## Standard Chartered helps you throughout the world

# BROWN & TAWSE

'Record Results for ninth successive year'

	1978	1977
Group Sales	42,470	38,112
Profit before Tax	3,326	3,052
Earnings per Share	17.6p	15.7p
Dividends per Share	4.814p	4.376p

Points from Statement, circulated with the Accounts, for the year ended 31st March 1978, by the Chairman, Mr. S. Douglas Rae:

- ★ "Worldwide recession in steel now entered its fourth year."
- ★ "Despite this, overall tonnage sales in line with previous year."
- ★ "Strength derived from very wide range and ready availability of steel, tube and plastic products held nationally."
- ★ "Anticipate that, in spite of depressed state of the economy, we shall again produce good results in the ensuing year."

STEEL AND TUBE STOCKHOLDERS AND PROCESSORS

## London & Midland Industrials Ltd

### Record Sales and Profits

Results for the year to 31 March 1978

	1978	1977
Sales	£'000	£'000
	18,493	15,413
Profit before tax	1,905	1,576
Extraordinary items	(3)	53
Taxation	(783)	(547)
Available to ordinary shareholders	1,102	1,065

● Trading in the current year has started well and a significant increase in profits is anticipated ● Ordinary dividend for 1978 4.8077p per share (1977 4.30507p) ● Main activities consumer products, engineering and fasteners ● Reserves increased by £750,000 from retained earnings for the year to 31 March 1978 and by £617,000 in respect of provisions for deferred taxation no longer required.

C. M. BEDDOW, Chairman 18 JULY 1978

LMI Ltd 45 Nottingham Place London W1M 4BL

## BIDS AND DEALS

### Two further purchases takes BTR U.S. spending to £29m

BY ANDREW TAYLOR

BTR, the British engineering group, has paid \$10.3m to acquire two further U.S. companies — Lindsay Wire and Hamilton Kent — lifting its potential spending on U.S. acquisitions to more than \$53m (£29m) in just over a month. The group last month launched a \$45m bid for Worcester Controls, the U.S. valves company. Lindsay Wire—the larger of the two acquisitions announced yesterday—is claimed to be the fourth biggest U.S. manufacturer of forming fabrics, used in paper production while Hamilton makes gaskets, pipes and other products for the sewage and water supply industry. BTR is forecasting joint sales of \$30m (£16.5m) and after tax profits of \$2m (£1m) for its two new acquisitions in the current year.

The Worcester Controls bid, however, is the major player in the group's expansion plans in the U.S. — where it has felt underexposed for some time. Last year U.S. sales of \$52m were just 13 per cent of total group sales of \$241m.

On current projections American sales could double as a result of the recent takeover moves there. The British group already has acceptances representing 47 per cent of Worcester Controls and now awaits the outcome of a shareholders' meeting expected to be held some time next month. The net assets of BTR's American-controlled subsidiaries could be increased by around £25m as a result of the three deals.

Meanwhile, in another U.S. deal, Staveley Industries announces that it has some 96 per cent of the capital of Electroscare Corporation of Santa Rosa, California. Electroscare is a four-year-old company specialising in micro-electronic technology. The company currently produces a range of products for weighing, controlling and recording industrial and commercial processes.

At October 31, its net tangible assets were U.S.\$501,731, and pre-tax profits were U.S.\$490,900 for the half-year to April 30, they were U.S.\$397,000. The maximum cash consideration for the acquisition of the whole of the issued and outstanding share capital of Electroscare is U.S.\$55m. An initial payment has been made of U.S.\$2.8m. The rest of the consideration, which will include that due under an option to acquire in 1979 the outstanding 4.1 per cent, is payable over the next 18 months and is dependent upon the level of Electroscare's profit before tax in 1978 and 1979.

But while its Fluidrive hopes are fading, Tilling is actively seeking alternatives in the U.S. At least one industrial transmission acquisition is expected to be announced before the end of this year and there is a possibility that two or three bids will be made in order to establish a broad transmissions product range.

### THOS. TILLING EXTENDS OFFER FOR FLUIDRIVE

Thomas Tilling has extended its share offer for Fluidrive Engineering until further notice, although its bid has been topped by a £55m offer from Associated Engineering which has the recommendation of the Fluidrive board. Tilling has received acceptances covering only 21,220 shares. Tilling's managing director, Mr. P. M. Meaney, said the extension was a strategic move designed to keep options open.

But while its Fluidrive hopes are fading, Tilling is actively seeking alternatives in the U.S. At least one industrial transmission acquisition is expected to be announced before the end of this year and there is a possibility that two or three bids will be made in order to establish a broad transmissions product range.

### H & C now facing Far East threat

BY JAMES BARTHOLOMEW

Harrisons and Crossfield has won control of 80.76 per cent of Harrison's Malaysian Estates. But it has no intention of shaking off the attentions of Kien Hui Realty Sengderian which now owns 4,950,506 shares (11.2 per cent) of Harrison's Crossfield.

Kien Hui is the parent of Genting Highlands Hotel which previously attempted to get a piece of the Harrison's and Crossfield empire when it bid for Golden Hope Plantations in 1976. Kien Hui has a bigger stake in H & C than most observers expected. In addition to obtaining shares in H & C through accepting the offer for HME, Kien Hui also had a direct stake in H & C of some 934,000 shares.

Mr. Tom Prentice, chairman of Harrison's and Crossfield, said yesterday that he was satisfied

with the outcome of the bid for HME. Now that the offer is closed, HME could resume negotiations with the Malaysian Government about the terms on which it would be "Malaysianised," he said. HME is aiming to sell a 10 per cent stake to Bumiputras (indigenous Malays) but the Government might wish a higher percentage to be sold to them.

comment Harrison's and Crossfield has consolidated control of its empire but the story is not over yet. H & C faces possible threats on two fronts. The "Malaysianisation" of HME must now proceed and be as tough as possible after all the delay. Secondly, Kien Hui's 11.2 per cent stake could form the

### BMCT offer for Weston-Evans

The shares of Weston-Evans, the engineering group, rose by 15p to 125p yesterday to match the surprise announcement of a 124p share cash bid from the major shareholder, Birmingham and Midland Counties Trust.

However, the rise did not take into account a rapid rejection late last night by the independent directors who say that it is inadequate.

BMCT is a private company controlled by Mr. Graham Ferguson Lacey and Mr. Cecil McBride. It bought a 26 per cent stake in Weston last April from Barrow Hebburn at a price of 100p and brought this up to 29.9 per cent

with further purchases, including the Sun Life Assurance plc. At that point both Mr. Lacey and Mr. McBride were co-opted to Weston's Board which announced that the two men had indicated that their purchase was for investment purposes only.

However, yesterday BMCT announced that it had picked up a further 12.1 per cent at prices up to 124p and would now be extending the same price to other

In a move which is now becoming a hallmark of Mr. Lacey, however, BMCT will retain only 51 per cent of Weston and intends to place any surplus shares with institutions. In 1976 Mr. Lacey carried out a similar move by acquiring 66 per cent of William Reed, the carpet group, and then diluting his own holding through Birmingham, to 40 per cent.

### HOWARD TENENS SALE TO TRAFPAK

Howard Tenens Services has entered into a contract with Trafapak, a subsidiary of Pakhoed Holding, N.V. for the sale to Trafapak with effect from April 1, 1978 the Howard Tenens forward division comprising Air Wingate, Wingate, and Tenens Wingate Travel.

The contract is subject to Bank of England approval. The transaction amounts to £393,276 and is subject to adjustment by £1 for each £1 by which the net assets of the forwarding division are more or less than £193,276.

In the year to March 31, 1977 the division made a loss of £483,000 after exceptional items against an estimated profit in 1978 of £30,000 before tax. The directors state that as a result of this disposal, turnover will reduce substantially, but there should be no material effect on profits.

The proceeds compensate for the positive cash flow inherent in the business and no change in group borrowing is envisaged.

### ALLIED CITY TRUST

Birmingham Imperial Trust is not making calls upon its liquid over terms for Allied City Share Trust—more than a year after Allied's announcement that merger terms had been agreed in principle.

Mr. Geoffrey Simon chairman of Allied said yesterday that while in broad terms agreement had been reached in May last year several technical problems had arisen which had been the subject of protracted negotiations. However, an offer document is expected to be sent to Allied shareholders shortly.

Birmingham Industrial, a small Midlands industrial holding company is expected to offer shares in return for Allied which has over the last 12 months liquidated most of its investments including its 49 per cent stake in MPB Russell.

### AURORA/OSBORN

Aurora Holdings announces that it is now in a position to acquire compulsorily the remainder of the ordinary shares of Samuel Osborn and Co.

### ASSOCIATES DEALS

Drayton Menloga Portfolio Management, an associate of Post Office Staff Superannuation Fund, sold on behalf of discretionary investment clients 150,000 Investment Trust Corporation shares assigned to Barclay's share offer at 286p.

Hoare Govett sold 10,000 Oliver Rix at 81p on behalf of an associate, also bought 225,000 Crossley Building Products at 103p on behalf of Bowater. Joseph Sebag and Co bought 10,000 Fluidrive at 89p on behalf of Associated Engineering. Hedderwick Stirling Grumbar and Co on July 14 bought 50,500 Wood and Sons (Holdings) ordinary shares at 55p non-

## Davy buys Piran's stake in Monk

Saint Piran, the tin mining and property group which has been involved in an acrimonious battle with A. Monk, civil engineer and contractor, has finally bowed to the inevitable and sold its 29.95 per cent stake.

The purchaser, which by contract is Davy International, engineering giant which includes Herbert Morris. Davy is paying £3.3m for Saint Piran's stake, equal to 102pp a share. Compared with yesterday's market price before the announcement of 84p (the news sent the price up to 82p before it closed at 89p) that represents a profit of £800,000 for Saint Piran.

One of the ironies of the transaction is that where Saint Piran struggled unsuccessfully for Board representation on Monk, Davy does not even have to ask. It already has a representative on the Board in the shape of Mr. P. W. Robinson, chairman of Herbert Morris who was co-opted as a non-executive director a few months ago to give Monk expertise in bid defence.

Not all yesterday's news from Monk, however, was cheerful.

## Liberty Life & Guardian merger speculation

BY RICHARD ROFFE

THE LISTINGS of Liberty Life and Guardian Assurance were suspended in Johannesburg today, leading to general speculation that the two companies are to merge. Guardian Assurance holds 32 per cent of Liberty Life, having increased its interest over the past six months, and is itself controlled by Guardian Royal Exchange, which holds about two-thirds of the shares.

Liberty Life ranks as the third largest life insurer in South Africa, after the mutual societies Old Mutual and Sanlam. Total assets at December 31 last were R222m and shareholders' funds R69m. Guardian Assurance, while consolidating Liberty Life's figures, also ranks as the third largest short-term insurer.

Guardian Assurance has recently completed the purchase of 1.67m shares in Liberty Life, equivalent to 15.2 per cent of the equity. Of these, 1.57m were acquired from Manufacturers Life of Toronto and the balance from Sun Life of Canada, at prices between 900 cents and 1,000 cents per share. Liberty Life shares at December 31 last were 1,200 cents, capitalising the company at R130m, while Guardian Assurance at 200 cents was capitalised at R106m. Its shareholding in Liberty Life was worth R107m on these prices.

### JAS. FINLAY SEAFORTH

The offer documents from James Finlay for Seaforth Maritime, the offshore service group, contains a forecast that profits from Seaforth will not be less than those for 1977 (£790,000 pre tax).

The news is accompanied by profit figures for the first five months of the year which, at £131,000 are 10 per cent lower than for the comparable period last time. Coupled with the modest forecast this suggests that Seaforth

### BROOKE BOND LIEBIG EXPANDS MEAT DIVISION

In a £225,000 deal Baxters Butchers, the leading company within Brooke Bond Liebig's UK meat division is to take a 35 per cent stake in the livestock subsidiary of Fawcett Parker the annual feed group. The subsidiary, which has concentrated on pig breeding with pig production currently at 30,000 a year—is to be renamed Baxter Parker.

Brooke Bond will provide a medium term loan of £250,000 to the new company. Baxter's with its major abattoir in Northampton has a chain of over 400 retail butcher shops.

## LONDON & OVERSEAS FREIGHTERS LTD

Under the provisions of the Aircraft and Shipbuilding Industries Act, 1977, our wholly owned shipbuilding subsidiary, Austin & Pickersgill Limited, vested in British Shipbuilders on 1st July, 1977.

In February, 1978, a payment on account of compensation in the form of £5,222,550 91 per cent Treasury Stock 1981 was received and your Directors can give no indication of the likely total amount of the compensation, nor of the date when it will be received.

The Loss for the year attributable to LOF was £3,985 million.

In the course of his Statement, the Chairman, Mr. Basil Mavrolean, said—

In common with tanker owners all over the world, we are experiencing the depressing effect on freight rates of the enormous amount of tonnage surplus to market requirements. The advantage of owning a mixed fleet was evidenced by the fact that the dry-cargo ships earned surpluses sufficient to cancel out the tanker losses and leave a small operating surplus of £246,000.

The cash generated by the fleet was an insignificant sum compared with attributable outgoings. The result was that the Group's cash resources, standing at £8.58m, at the end of the financial year, were £3.74m, less than at the beginning. These cash resources may be augmented by the sale of the Government Stock received as compensation on the nationalisation of Austin & Pickersgill.

Loan interest and repayments have been estimated to make calls upon our liquid resources during the current financial year totalling £9 million. It would be imprudent to rely upon the fleet making any significant cash contribution—indeed, it may well add to the call upon our resources—even allowing for interest earned, it is not difficult to see that the prospective rate of depletion of our reserves gives cause for concern.

8 BALFOUR PLACE, PARK LANE, LONDON, W1Y 6AJ.

Copies of the Annual Report for the year to 31st March, 1978 and the full text of the Statement by the Chairman, Mr. Basil Mavrolean, of which the above is an extract, may be obtained from the Secretary.

## Change of name:

THE FEDERATED TRUST AND FINANCE CORPORATION LIMITED

to  
**FEDERATED TRUST CORPORATION LIMITED**

Investment Bankers—Established 1925

1 Love Lane, London EC2. Telephone 01-606 8744 Telex AVINCO London 886730

# And now for more good news

Chairman W. S. Whittingham is able to report: "Our order book stands considerably higher than at this stage last year and I am confident that pre-tax profits for the year 1978, 9 will exceed the £4.4 million recently reported on a maintained turnover."

And we can make this promise: "As soon as the future of dividend restraint legislation is clarified your Board will re-examine its dividend policy with a view to substantially increasing the level of dividends."

The report also reveals that Monk's turnover increased to a record £71 million during the last financial year. And the good news is that the value of contracts in hand tops up to an all time best of £93 million. These are now undertaken all over England, Wales and Scotland and many of them are in the multi million-pounds brackets. They include major projects for the Department of the Environment (P.S.A.), Department of Transport, Water Authorities, Local Authorities, British Rail, National Coal Board, Shell (UK) Limited and Shell Chemicals (UK) Limited, ICI, Massey Ferguson, Unilever, British Leyland, British Gas Corporation and Regional Gas Boards.

**Monk**

Copies of the Annual Report are available from the Company Secretary, A. Monk & Company Limited, Green Lane, Warrington, Cheshire.



## Real progress possible at Associated Newspapers

IF THE Government contains North Sea projects, including £12.52m (£7.5m) of which £11.34m (£6.19m) had been authorised but not contracted. The directors assessed the value of the group's properties at more than £25m in excess of book value.

The accounts reveal that Mr. R. M. P. Shields, the managing director, and Mr. P. J. Saunders, secretary, have been granted options, to be exercised on leaving the company or not before their sixtieth birthdays, the right to acquire two properties from the company for the current market value totalling £188,000.

For the year the total cost of director emoluments rose to £397,325 (£318,209) but the payment to the highest paid director was cut to £48,740 (£50,967). Lord Rothermere has resigned as chief executive for personal reasons but will continue as chairman. His father, Lord Rothermere, was president of the group, who died in 1976.

The ultimate holding company is Daily Mail and General Trust. Meeting, Waldorf Hotel, WC, on August 10 at 10.30 am.

## StanChart to strengthen

Lord Barber, the chairman of Standard Chartered Bank outlines the group's strategy in his annual statement as being to strengthen its position as a leading international bank. He says the group is doing so by expansion in present and potential growth areas, extension of existing networks and the acquisition and establishment of new subsidiaries.

Examples are the acquisition of Commercial and Farmers National Bank in California, the taking of a majority interest in Mutual Acceptance in Australia and the strengthening of its merchant bank in London.

"We are concentrating on those activities in which we have proved our ability to succeed, namely commercial banking, and are reducing our involvement in non-banking activities." The sale of the Reliant Motor Group and the disposal of various minority interests were part of the rationalisation. At the same time it is extending the range and effectiveness of services.

### DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corr. of dividend	Total last year
Bootham	int. 4.5	Sept. 4	0.25	9.22
Dewhurst and Partner int.	0.28	Oct. 3	0.25	0.83
A. Kershaw	int. 8	Oct. 3	3.78	15.47
Manson Finance Trust	int. 2	Oct. 6	1.75	4.75
Meggitt Holdings	int. 0.22	Oct. 2	0.19	0.39
M. L. Meyer	int. 2.97	Sept. 15	2.83	4.67
Alfred Preedy	int. 7.28	Sept. 15	1.01	2.53
Rank Organisation	int. 84	Nov. 2	2.19	80.4
Rothschild Int.	int. 33.5	Sept. 19	4.14	7
Status Discount	int. 2.01	Sept. 5	0.65	4.06

Dividends shown pence per share net except where otherwise stated.  
\* Equivalent after allowing for currency fluctuations. † On capital increased by rights and/or acquisition issues. ‡ Based on 33 per cent ACT charge. § To reduce disparity.

### MINING NEWS

## Harmony Gold has a bumper quarter

BY KENNETH MARSTON, MINING EDITOR

A NOTABLY good June quarter has had to lean on State aid again. Quarterly net profits of the group's mines are compared in the following table.

	June	March	Dec.
Myrco	2,213	6,599	4,489
Durban Deep	11,350	10,800	10,771
E. Rand Pty.	1,579	1,721	1,183
Harmony	12,442	7,825	5,652

† After receipt of State aid.

As with the other South African gold mines, a large part of the higher profit stems from the new buying arrangements for bullion whereby the mines are paid a full market related price of delivery; as a result they have received a once-only bonus in the past quarter of part of the proceeds due to them from sales made under the old system in the previous three months.

At the same time, however, Harmony has raised its gold production in the past quarter and earned more from uranium sales. One reserve is now estimated on the basis of the value of both the gold and uranium content of the various orebodies. Previously they were assessed on the value of the gold content alone.

The new system recognises the fact that when uranium is taken into consideration ore that is unpayable on the basis of its gold content becomes a paying proposition. Latest ore reserves are estimated at 17,783 tons with a value of 7.8 grammes gold and 0.174 kilograms uranium per ton with a gold price of \$170 per ounce.

A year ago the ore reserves based on the gold value alone (of \$140) were estimated at 18,190 tons grading 9 grammes gold and 0.19 kilograms uranium.

Mr. A. C. Petersen, the Harmony chairman, pointed out last year that as mining operations progress into known low grade gold areas and the new uranium plant comes into operation the new method of valuation will have a "significant" effect on the calculated ore reserves.

In other words, the growing importance of Harmony's uranium sales is extending the life of the mine which now comes into the long category. So, too, is the rising gold price which, as the past quarter's results show, is making its impact on the profits of the big producer of low grade gold ore.

The final dividend for the year to June 30 was an above forecast 30 cents (making a year's total of 55 cents) and higher payments are on the cards for the current year.

After a good March quarter, Blyvoor has again done well with increased gold production and a notable reduction in costs per ton of ore milled. Recovering from the effects of its flooding early this year the marginal Durban Deep has made a useful profit—before State aid—in the past quarter.

But the struggling East Rand Proprietary has produced less gold as a decline in the Lennard River and its already low recovery grade and

## GREAT PORTLAND ESTATES

Basil Samuel, F.R.I.C.S., Chairman and Managing Director, reports on the year ended 31st March, 1978:-

\* GROSS RENTAL INCOME £8,068,983—UP 12% FROM £7,191,470.

\* NET REVENUE PRE-TAX £4,103,913—UP 54% FROM £2,665,524.

\* EARNINGS PER SHARE 8.2p—UP 49% FROM 5.5p.

\* SCRIP ISSUE OF 1 FOR 2 PROPOSED.

Copies of the Report and Accounts may be obtained from the Secretary at

Knighon House,  
52-66 Mortimer St., London W.1.  
Telephone: 01-580 3040.

## Uranium fever in Westfield

URANIUM exploration excitement again flared up yesterday in shares of the Canadian-Irish Northgate group. A month ago it was touched off by the Irish hopes of Anglo United Development, the shares of which started to 360p and have since come back to 205p.

This time the hopes have centred on the Johan Beetz uranium prospect in Quebec where Westfield Minerals has a 25 per cent stake and Northgate 75 per cent. Westfield jumped 42p to 150p in London yesterday while Northgate (which holds 48 per cent of Westfield) advanced 40p to 445p.

Prospecting work at the Johan Beetz area last year indicated a diversity of uranium potential ranging from small pegmatite dikes occurrences—where two trenches in one anomaly assayed 3.2 lbs of uranium oxide per ton and 1.83 lbs, each over 24 ft—30 more extensive areas of low grade mineralisation generally in the range of 0.4 lbs.

Tests on a 10-ton sample indicated that acid leaching would recover the uranium with minimal difficulties. There has been no recent news of the prospect although it is believed that the searches have been further encouraged by their results.

## Meggitt jumps to £181,113 at halftime

A jump in pre-tax profit from £40,177 to £181,113 is reported by Meggitt Holdings, machine tool maker, for the April 30, 1978, half year. Turnover was up from £2.1m to £2.83m for the period.

After tax of £95,219 (£21,880) net profit was £85,894 (£18,247). Earnings per share are shown at 2p (0.43p) and the interim dividend based on a 33 per cent ACT rate is ahead from 0.195p to 0.221p net per 5p share. Last year, a 0.2p final was paid on profits of £190,866.

### ROUND-UP

Diamond drilling is expected to start by the end of this month at a silver-lead-zinc find at Kathleen Lake in the Yukon Territory. High grade values have been found in the four trenches blasted out so far, one of which having given 44.82 ounces silver per ton with 26 per cent lead and 0.8 per cent zinc. The joint venturers are: Prism Resources (25 per cent), Siebens Oil and Gas (25 per cent), Chieftain Development (25 per cent), Asamera Oil (12.5 per cent) and the German-owned E and B Explorations (12.5 per cent).

Steel Alberta is to acquire a major iron ore deposit in Montana covering approximately 1,500 acres, which contains total estimated reserves of 160m tons, 80m tons of which are proven reserves, with an average iron content of 23 per cent. This acquisition follows the recently-announced acquisition of rights to the Peace River iron ore deposits and gives the company an immediate source of iron to complement the longer-term potential of Peace River.

Australia's Magnet Metals, Lennard Oil and Western Queen (1976) have lodged applications for 103 mineral claims for diamonds in the Lennard River Valley and surrounding areas in

This Advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

Placing of £3,000,000

LONDON  
BOROUGH OF WANDSWORTH

Variable Rate Redeemable Stock 1983  
Price of issue £295 per cent.

Application has been made to the Council of The Stock Exchange for the above Stock to be admitted to the Official List.

In accordance with the requirements of the Council of The Stock Exchange £300,000 of the Stock is available in the market on the date of publication of this Advertisement and until 10 a.m. on Wednesday, 19th July, 1978.

Particulars of the Stock have been circulated in the Extel Statistical Services Ltd., and copies may be obtained during usual business hours from 18th July, 1978, until 31st July, 1978, inclusive from

Pember & Boyle,  
30 Finsbury Circus, London EC2P 2HB

# VOEST-ALPINE AG LINZ/AUSTRIA

## BALANCE SHEET AT DECEMBER 31, 1977

Assets		Liabilities	
	US \$		US \$
<b>Current Assets</b>		<b>Current Liabilities</b>	
Cash	134,816,032.—	Downpayments made by customers	127,910,630.—
Marketable securities	14,877,260.—	Accounts payable	192,394,235.—
Notes receivable	4,595,700.—	Accounts payable to subsidiaries	23,882,549.—
Accounts receivable	414,267,273.—	Short-term bank debts	189,458,166.—
Accounts receivable from subsidiaries	237,711,566.—	Drafts payable and promissory notes	14,297,019.—
Inventories, downpayments made on account	537,876,914.—	Other current liabilities	67,180,526.—
Other current assets	53,500,041.—		615,123,125.—
	1,397,844,786.—		
<b>Fixed Assets</b>		<b>Long-term debt</b>	
Land, buildings	297,127,626.—	Loans	337,430,222.—
Machinery, operating and office equipment	638,517,312.—	Other long-term debts	539,546,611.—
Plants in course of erection, downpayments for plants	53,558,225.—		876,976,833.—
Interests	191,182,520.—	<b>Provisions</b>	
Other assets	38,714,100.—		150,503,500.—
	1,219,099,783.—	<b>Capital and Reserves</b>	
<b>Net-loss</b>		Equity capital	196,250,000.—
Surplus brought forward	1,231,369.—	Legal reserve	88,429,500.—
Loss for the year	1,464,779.—	Voluntary reserves	127,750,000.—
	233,410.—	Evaluation reserve due to special depreciation	266,659,271.—
		Provision for severance pay and pensions	295,285,750.—
			974,374,521.—
			2,616,977,979.—

1 US \$ = 8S 16.—

## Profit and Loss Account 1977

	US \$
<b>Operating revenues</b>	1,770,996,005.—
<b>Operating expenses</b>	
Employment costs	576,382,829.—
Cost of materials used and other expenses	1,132,740,543.—
Depreciation	93,534,121.—
Interest	21,393,962.—
<b>Loss before extraordinary items</b>	-53,055,450.—
Result from investments	-5,130,978.—
Extraordinary result	+12,034,149.—
Draw on voluntary reserves	+44,687,500.—
<b>Loss for the year</b>	-1,464,779.—

## Important Data on VOEST-ALPINE Combine

	1976	1977
<b>External sales</b> (in US \$ million)	2,838	2,819
<b>Number of employees</b> (dec. 31)	31,125	30,047
<b>Output</b> (in 1,000 tons)		
Crude ore	3,784	3,449
Pig iron	3,318	2,965
Crude steel	4,211	3,838
Rolled steel	3,089	2,948
<b>Investments in fixed assets</b> (in US \$ million)	213	156

VOEST-ALPINE  
Postfach 2, A-4010 Linz  
Tel. (0 732) 585  
Telex 02/1822

VOEST-ALPINE

## INTERNATIONAL FINANCIAL COMPANY NEWS

## AMERICAN NEWS

## Lykes-LTV merger may face delay

BY STEWART FLEMING

SUSPECTS FOR the early completion of the merger between Lykes and the failing LTV Corporation, which would create a nation's third largest steel company, received a setback when LTV asked for its shares to be suspended from trading.

The company disclosed that a committee and Exchange Commission investigation of stock sales at its Jones and Laughlin subsidiary had revealed an evaluation of inventory which would have a materially adverse impact on the reported results of operations of J and L Steel of LTV.

The LTV statement added that a company had been advised by Mr. Chester H. Ferguson, the co-chairman of Lykes, that

subject to a review of all the facts as they become available, Mr. Ferguson did not believe the developments in the investigation would prevent the companies from continuing to prepare for the merger.

It is suggested, however, that the adverse impact of the stock valuation on LTV could well result in pressure to change the terms on which LTV was to take over Lykes, and it could also lead to delays in the merger going through. Specifically, attention is drawn to the fact that the deal is in part being supported by a \$440m line of credit under negotiation from major U.S. banks.

The substantial change in the value of LTV's assets which seems to be implied in the state-

ment could well mean that the terms of that loan will have to be revised.

It was only last month that the U.S. Attorney-General, Mr. Griffin Bell, announced that the U.S. Government would not try to block the merger on anti-trust grounds, since without the merger Lykes might fail. Lykes' interests include the Youngstown Sheet and Tube Steel Company which has had serious financial problems. In 1977 Lykes reported a net loss of \$180m on sales of \$1.76bn and LTV reported a loss of \$38.7m on sales of \$4.7bn.

Commenting on the valuation of stocks arising from the SEC investigation, LTV said this morning that the precise impact

of any restatement of reported earnings that will be required has not been determined. The focus of the investigation has been inventory accounting in J and L Steel in 1975 and 1976. The company pointed out that it does not appear that there will be any material effect on the proceeds of operations reported for periods subsequent to 1976.

"However," it added, "in the event of a restatement of prior years, retained earnings of the companies would be adversely affected and certain deferred tax credits reflected in the 1977 after-tax reported results may be utilised in those prior years and therefore would no longer be available in 1977. This would increase the reported loss for 1977, the company added.

NEW YORK, July 17.

## Sharp gain by General Motors in Brazil

By Diana Smith

RIO DE JANEIRO, July 17.

AFTER A bad year in 1977, an upswing of car sales in Brazil is reflected in the greatly improved results of General Motors of Brazil's financial company, which finances about 50 per cent of GM's sales through its concessionaires.

In the first half of this year, the GM finance company's net profit rose by 240 per cent compared with January-June 1977 - from \$3m to \$10.5m. The finance company, with \$16.7m in capital and reserves, is the largest such enterprise of its type among finance companies owned by car manufacturers.

The overall volume of financing operations by the GM finance company rose from \$78.2m in January-June 1977 to \$145m in the first half of this year - an 85 per cent increase. It also raised resources from bills of exchange of \$23.3m, compared with \$13.4m in the same period last year.

The finance company claims that with highly-trained, efficient management, it has scaled its running costs down to a level far below those of Brazilian commercial banks, or finance companies tied to these banks.

## Signal profits shoot ahead

By Our Financial Staff

EARNINGS OF Signal Companies moved sharply ahead in the second quarter of this year, with Mr. Forrest N. Shumway, president and chief executive officer of the diversified manufacturer of trucks and aerospace products, confident that the strong performance will continue.

Net profits totalled \$45.2m, an advance of nearly 57 per cent on the \$28.8m earned in the same quarter of last year. Earnings per share were \$2.35 against \$1.45.

For the whole of the first half Signal's growth in net profits was even steeper - 65 per cent to \$76.1m from \$46m, with earnings per share coming out at \$3.95 compared with \$2.31.

## Philip Morris ahead after record in second quarter

BY JOHN WYLES

NEW YORK, July 17.

PHILIP MORRIS Inc. the tobacco and beer giant which has been on a \$623m acquisition spree in the last three months, reported today that its net earnings in the second quarter exceeded \$100m for the first time.

Earnings were 22.5 per cent higher than in the same quarter last year and totalled \$104.3m. Consolidated sales were \$1.67bn, 25.8 per cent higher than in the same period last year. Earnings per share were \$1.74 compared with \$1.45.

Net earnings in the half year were also 22.5 per cent higher, at \$208.5m, compared with \$169.8m in the first half of 1977. Sales were up from \$785.5m to \$813m.

This impressive performance appears to confirm analysts' expectations of earnings per share this year of close to \$7, excluding the impact of the purchase in May of Seven-Up, the soft drinks company, for \$515m. Philip Morris followed this substantial acquisition with the purchase last month of the Liggett Group's foreign cigarette operations for \$108m.

The company said today that Seven-Up's results had been consolidated into Philip Morris from June 1, but the second quarter and first half figures had not been significantly affected by the consolidation.

Reviewing the earnings report, Mr. Joseph Cullman III, Philip Morris' chairman and chief executive, noted today that within the U.S. Philip Morris' cigarette unit sales and market share had increased thanks to the continued growth of Marlboro and the success of its new low tar cigarette Merit. Foreign unit sales had also reached a new high in the second quarter, and foreign results had not been significantly affected by currency movements.

In addition, said Mr. Cullman, demand for the Miller Brewing Company's products was continuing to exceed production capacity despite the rapid expansion of facilities.

## Increase at Manufacturers Hanover

NEW YORK, July 17.

SECOND quarter net operating income of the bank holding company Manufacturers Hanover Corporation moved ahead from \$7.33m or \$1.27 a share to \$9.33m or \$1.40. After securities transactions, net income emerged at \$45.42m or \$1.40 a share, up from \$37.82m or \$1.19 a share. Per share earnings remained the same as at the reporting level.

For the six months, operating income advanced from \$78.6m or \$1.24 a share to \$88.64m or \$1.34 a share. After securities transactions, net income was \$38.89m or \$1.24 a share, up from \$38.69m or \$1.24 a share.

Meanwhile, second quarter operating income of another bank holding company, Western Bancorporation, rose from \$38.42m to \$39.4m, to give operating income of \$1.69 against \$1.19. After securities transactions net income emerged at \$40.46m or \$1.65 a share compared with \$1.2m or \$1.17 a share.

These results lifted first half operating income from \$33.67m or \$1.25 a share to \$37.47m or \$1.21 a share. After securities transactions, net income came in at \$77.37m or \$2.31 a share, up from \$75.09m or \$2.22 a share. The restaurants and hotels group Howard Johnson reported second quarter earnings of \$1.67 cents, while the building materials group Ideal Basic Industries moved ahead from \$6.11 to \$1.15 a share in the second quarter. Texas Oil and Gas, the oil and gas development company, advanced from \$2.57 a share to \$2.95 a share for the nine months of the current year.

## Pacific Tel. denied review

Pacific Telephone and Telegraph in the California Supreme Court had denied it a review of its order holding the company liable for \$750m in back taxes, reports Reuter from San Francisco.

Pacific Telephone will now take its case to the U.S. Supreme Court.

If the order, made last year by the State Public Utilities Commission, becomes effective, the company will be ineligible to use accelerated depreciation for tax purposes.

## BRIEFLY

## Union Bancorp

Union Bancorp will charge \$3.9m after tax provision against the previously announced quarter income profit AP-DJ from Los Angeles. A result of the special charge, it income for the period will be

## Union Camp near peak levels

WAYNE, N.J., July 17.

UNION CAMP Corporation expects to report second quarter earnings in the range of \$1.25 to \$1.30 a share, which would only be about 5 per cent behind the quarterly record of \$1.34 a share set in the second quarter of 1976, Mr. Peter J. McLaughlin, the president, told reporters.

That would mean, he added, that this diversified paper packaging building materials and specialty chemicals company had first half earnings of about \$2.40 a share. In the 1977 second quarter, Union Camp had net income of \$31.5m or \$1.30 a share on sales of \$281.8m. In the first half of last year, net income was \$39.8m or \$1.47 a share of sales of \$537.9m.

"The remarkable thing," Mr. McLaughlin said, "is that we have managed to stay up there despite the few major price improvements in our major lines. In fact, many lines are selling below the prices of two years ago."

Prices have begun to move up this year "even if only to levels of two years ago." The price of linerboard used in the making of corrugated containers is only \$205 a ton currently compared with \$215 a ton in April of last year.

"But there are strong prospects for increases late in the summer which would carry the price above the \$215 figure."

The company converts about 60 per cent of its unbleached

mill products including linerboard into bags and boxes. "Our mills and mills throughout the industry are operating at close to or full capacity. And inventories, which had been high, have dropped both in the U.S. and abroad."

Directors of Kaiser Cement Gypsum Corporation and Medusa Corporation have approved a \$200 million stock repurchase plan, reports AP-DJ. The merger must be approved by a majority of Kaiser Cement's common stockholders and by holders of two-thirds of Medusa's common and two-thirds of its preferred shares.

## Metals groups are optimistic

BY OUR FINANCIAL STAFF

HIGHER second-quarter results are announced by two leading metals groups, Kaiser Aluminum and Chemical and Reynolds, and both companies are optimistic on current three-month prospects.

Kaiser's second-quarter net earnings amounted to \$52.8m, or \$2.61 a share, on sales of \$692.7m, compared with \$40.3m

or \$2.01 on sales of \$647m for the corresponding period of 1977. Earnings for the half-year totalled \$77.3m, equal to \$3.81 a share against \$4.2m or \$3.19. Half-year sales were unchanged at \$1.2bn.

Second quarter earnings at Reynolds Metals advanced from the corresponding \$33.68m or \$1.90 a share, to \$44.22m or \$2.31 a share.

Share sales were up from \$352.7m to \$714.7m. Kaiser's half-year improvement was largely attributed to its aluminum division.

The company is confident on the outlook, expecting sharply improved sales volume in the second half compared with last year.

## Half-year improvement at Westinghouse

NEW YORK, July 17.

INCREASED second-quarter earnings are announced by Westinghouse Electric, on operating net figure of \$74.81m, equal to 86 cents a share, compared with \$64m or 73 cents a share in the corresponding period last year. Sales were almost 10 per cent higher, rising from \$1.53bn to \$1.68bn.

Net operating earnings for settlement, the extraordinary first half of 1978 totalled \$141.05m, or \$1.62 a share, against \$121m or \$1.39 a share previously. Sales increased from \$2.96bn to \$3.22bn.

Westinghouse said the 1977 first half net was after an extraordinary loss of \$3.8m after taxes on a uranium contract litigation

Agencies. The extraordinary loss was the equivalent of 5 cents a share.

All three of Westinghouse's major operating companies contributed to the sales gains in both the second quarter and first half, and continued to show improved profit margins.

## EUROBONDS

## Significant discount for Chase issue

BY MARY CAMPBELL

The picture in the international bond market was basically unchanged yesterday, with the D-Mark sector continuing weak, dollar straight bonds a little firmer and floating rate notes somewhat easier again, though in good two-way business.

In Germany, the Bundesbank continued as a heavy buyer of D-mark domestic bonds. The

Capital Markets Sub-Committee which sets the schedule for foreign bond issues was meeting yesterday afternoon, but the results are not likely to emerge until today.

In the FRN secondary market, Chase Manhattan's issue opened at a significant discount by the standards of this sector of the market. It was quoted at about 98 1/2 or slightly above on the bid side at the opening, but

stood at 98 1/2 for most of the day. A bigger discount than on some issues might be expected purely because of its size, and many dealers said that they had not seen much selling.

However, disenchantment with the narrow spread is widely expressed.

The Bahraini dinar issue for Sonatrach has now been closed. It is guaranteed by Banque Extérieure d'Algérie.

## SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS		Mid	Offer	STRAIGHTS		Mid	Offer	STRAIGHTS		Mid	Offer
Alexander 5 1/2% 1980	97 1/2	98	Norfolk 5 1/2% 1980	94 1/2	95	Prov. Quebec 5 1/2% 1980	93 1/2	94	Rainier 5 1/2% 1980	94 1/2	95
AMEV 5 1/2% 1980	95 1/2	96	Norfolk 5 1/2% 1982	94 1/2	95	Spain 5 1/2% 1980	90 1/2	91	San Francisco 5 1/2% 1980	94 1/2	95
Australia 5 1/2% 1980	95 1/2	96	Ole 5 1/2% 1980	95 1/2	96	Spain 5 1/2% 1982	90 1/2	91	San Francisco 5 1/2% 1982	94 1/2	95
Australia 5 1/2% 1982	97 1/2	98	Panama 5 1/2% 1980	95 1/2	96	TVO Power Co. 5 1/2% 1980	90 1/2	91	Seattle 5 1/2% 1980	94 1/2	95
Banque Paribas 5 1/2% 1980	94 1/2	95	Prov. Quebec 5 1/2% 1982	93 1/2	94	Venezuela 5 1/2% 1980	92 1/2	93	Seattle 5 1/2% 1982	94 1/2	95
Can. Nat. Railway 5 1/2% 1980	94 1/2	95	Prov. Saskatchewan 5 1/2% 1980	93 1/2	94	World Bank 5 1/2% 1980	95 1/2	96	Seattle 5 1/2% 1984	94 1/2	95
Can. Nat. Railway 5 1/2% 1982	94 1/2	95	Seaboard 5 1/2% 1980	94 1/2	95	FLOATING RATE NOTES					
Can. Nat. Railway 5 1/2% 1984	94 1/2	95	Shell Int. Fin. 5 1/2% 1980	93 1/2	94	Bank of Tokyo 1984 5 1/2%	99	99 1/2			
Can. Nat. Railway 5 1/2% 1986	94 1/2	95	Skand. Renshida 5 1/2% 1981	97 1/2	98	BTC 1984 5 1/2%	99	99 1/2			
Can. Nat. Railway 5 1/2% 1988	94 1/2	95	SOIB 5 1/2% 1981	98 1/2	99	Bank of Tokyo 1986 5 1/2%	99	99 1/2			
Can. Nat. Railway 5 1/2% 1990	94 1/2	95	Sweden (K'dam) 5 1/2% 1987	94 1/2	95	BOE World 1985 5 1/2%	98	98 1/2			
Can. Nat. Railway 5 1/2% 1992	94 1/2	95	United Fluorine 5 1/2% 1989	97 1/2	98	Bank of Tokyo 1988 5 1/2%	99	99 1/2			
Can. Nat. Railway 5 1/2% 1994	94 1/2	95	Volve 5 1/2% 1987 March	97 1/2	98	Bank of Tokyo 1990 5 1/2%	99	99 1/2			
Can. Nat. Railway 5 1/2% 1996	94 1/2	95	NOTES								
Can. Nat. Railway 5 1/2% 1998	94 1/2	95	Australia 7 1/2% 1984	95 1/2	96	GZR 1981 5 1/2%	99 1/2	100			
Can. Nat. Railway 5 1/2% 2000	94 1/2	95	Bank of Canada 7 1/2% 1984	95 1/2	96	Bank of Tokyo 1984 5 1/2%	99	99 1/2			
Can. Nat. Railway 5 1/2% 2002	94 1/2	95	Br. Columbia 1987 7 1/2% 85	93	93 1/2	Litton 1983 5 1/2%	99 1/2	100			
Can. Nat. Railway 5 1/2% 2004	94 1/2	95	Can. Pac. 5 1/2% 1980	97 1/2	98	LTCS 1984 5 1/2%	99 1/2	100			
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## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## French steelmakers planning co-operation

BY DAVID WHITE

PARIS, July 17.

TWO OF France's leading steel companies, Usinor and Châtillon-Neuves-Maisons, the main steel-making operation of the Chiers-Chatillon group, are planning to step up their co-operation in the steel industry in the next three months. Châtillon-Neuves-Maisons has decided to suspend construction of a Ffr 400m (588m) oxygen steel plant in Lorraine, which it has just started building.

The companies are thought likely to compromise on using the parallel Ffr 500m project of Usinor at Longwy in eastern France, which is awaiting a final go-ahead.

The Chiers-Chatillon group was reorganised last year, with the principal industrial activities grouped under Châtillon-Neuves-Maisons.

The latter already study co-operates with Usinor in the interchange of materials in the steelmaking region around Lille. Their activities overlap both there and in Lorraine, where Usinor has a steelmill at Thionville. Châtillon one at Neuves-Maisons and both have plants at Longwy.

Usinor is also associated with the Chiers-Chatillon group's cable and wire making company Tréfileries de Châtillon-Gorey.

The presence of a Government plan behind the co-operation study was strongly indicated by Châtillon-Neuves-Maisons, which pegged to harmonisation of the two groups' investment efforts. The Paribas banking group, with an important say in Usinor's main shareholder, Denain Nordest-Longwy and the main voice in Chiers-Chatillon, will clearly have a prime role in the rapprochement between the two groups. There is speculation that Usinor might as a result pull out almost entirely from the field of long steel products, while Châtillon would reinforce its position in specialised fields.

Usinor, which produced 8.3m tonnes of steel last year, is one of the two dominant French companies in the making of heavy and medium plate and sheet steel. Châtillon-Neuves-Maisons specialises in stainless and mild steels.

## Slow first quarter for EOE trading

By Charles Batchelor

AMSTERDAM, July 17.

TRADING VOLUME on the European Options Exchange (EOE) averaged 755 contracts a day in the first three months of operation, or something over 10 per cent of the estimated break-even level. The average number of contracts in April was 740, rising to 773 in May but falling to 750 in June with the approach of the holiday period.

Actual levels of trading were 13,336 contracts in 18 trading days in April, 15,456 in 20 days in May and 16,521 in 22 days in June. Open interest on June 30 was 16,840 contracts. Between April 5 when the EOE started trading and July 3, the number of options listed rose from nine to 24.

Involvement by institutional and personal investors is on the increase, with 46.5 per cent of contracts traded for these classes of investor in June compared with 35.8 per cent over the three months as a whole.

The Dutch option classes accounted for 75 per cent of the contracts, with Philips the most active at 12,054. It was followed by KLM with 8,826 contracts, although KLM was not introduced until May 22. U.S. options accounted for 10,525 contracts, led by Eastman Kodak with 4,085, followed by General Motors and IBM.

The three UK stocks, which have been affected by problems in gaining access to underlying prices and the existence of the rival London options market, accounted for only 645 contracts, less than 1.5 per cent of the total.

## Fresh support by Bundesbank

By Jeffrey Brown

OFFICIAL SUPPORT for the West German bond market continued yesterday with the Bundesbank buying some DM 245m in domestic paper. The central bank has now been in the market for over DM 1.5bn in the past six full days trading.

From Monday of last week the market has, on average, slipped by around 1½ points, and the setback has been both dramatic and unexpected.

Exactly why this weakness should occur so soon after the central bank's recent injection of an additional 12 per cent or so of liquidity is far from clear. But over the past few days market confidence has plainly evaporated and "talk" is now of long term bond yields of between 6½ per cent and 7 per cent before the end of this year.

The authorities seem to have underestimated the squeeze on bank liquidity at a time when interest rates in the U.S. continue to march upwards. Moreover, the prospect of economic expansion within Europe — plus monetary union — is beginning to pose short term pressures for the West German currency.

## VW rights transfer

THE West German state of Lower Saxony has approved the transfer of its subscription rights, gained through a Volkswagen AG capital increase, to the Foundation Volkswagenwerk. However, the agreement leaves Lower Saxony's voting rights intact, which amount to a 30 per cent blocking minority, according to APD in Hannover.

The agreement transfers to the foundation DM 180m for the capital increase in a trust arrangement. To receive a continuation of voting rights, Lower Saxony has agreed to turn over annual profits gained through the new shares. Also, if the foundation wishes to sell the shares, Lower Saxony has a prior purchase option.

## MALAYSIA

## The local banks begin to stir

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN-OWNED banks are known for their conservatism, small size and parochial base, which explains why the most profitable businesses have traditionally been in the hands of the few foreign-incorporated banks. Even today, 27 years after independence, the foreign banks account for half the total assets and advances in Malaysia.

But in recent years, at the constant pressing of the central Bank, Bank Negara, local banks have begun to stir.

The changes and mood in the Malaysian banking scene are illustrated by what has taken place at banks such as the United Asian Bank and the Development and Commercial Bank.

The United Asian Bank emerged in 1973 out of three Indian banks, which for years had operated inconspicuously, serving almost exclusively the Indian community in Malaysia, and their remittances and trade with India. Then, in 1969, the Indian Gandhi nationalised the Indian banks.

This posed a dilemma for the three Indian banks, as Malaysian law prohibits any foreign government-controlled bank from operating in the country.

The banks had the option of closing down, or restructuring their ownership. They chose the second alternative, and after four years of negotiations, the three — the Indian Overseas Bank, the India Bank and the United Commercial Bank — merged to form the United Asian Bank.

The Indian banks retained a third of the equity of the new bank; another 20 per cent went to the Malays; and the rest was taken up mainly by Malaysian Indian businessmen.

With this reconstruction and consolidation, the UAB expanded rapidly. As a local Malaysian bank, it was allowed to open more branches and in five years, it had extended its branch network from 10 to 29.

Deposits have risen sharply from 97m ringgits in 1973 to 642m ringgits last year. So have advances and loans, which increased from 64m ringgits to 745m during the period. Similar progress is also shown in earnings, with pre-tax profits rising progressively from 1.7m ringgits in 1973 to 11.2m in 1977.

Ensuring growth through consolidation

Last year, the bank made a one-for-one rights issue, to increase its paid-up capital to 20m ringgits, bringing it more in line with the increase in deposits. Together with its reserve funds and retained profits, shareholders' funds were raised to 34m ringgits, compared with 19m in 1976.

Recently, Mr. Vishnu Murthy, who played a major role in UAB's formation, relinquished the chief executive director's post to return to Madras as chairman and managing director of the Indian Overseas Bank.

His successor, Mr. R. Pichai, formerly general manager of United Commercial Bank in Calcutta, sees his role as one of ensuring growth through consolidation.

The bank's rapid expansion has stretched its staffing and

financial resources. "Before we expand again, we must build up a core of experienced personnel. This will take time. We have Indian expatriate officers who are good, but they will have to be trained back to India later," says Pichai. Last year, the bank, which is controlled in the employment of Indian expatriates by the Government Malaysiaisation policy, recruited an extra 200 staff. Increased salaries alone will slow down profit growth.

The bank will embark on a 19m ringgit development next year, when construction of its 21-storey headquarters building begins. The site is on prime land in the banking and shopping district of Kuala Lumpur which UAB bought from Robinson Singapore for 5m ringgits two years ago.

Unlike most banks, UAB is a home with the Bank Negara, directives on lending to certain priority areas, such as agriculture, and Malay businesses. In India, banks are required to allocate 33 per cent of their advances to priority areas.

UAB has a special animal husbandry section with veterinary surgeons and agricultural specialists to assess and advise on loans and projects.

The bank is particularly proud of its jewellery experts and gem facers up to a typical Eastern situation with advantage. An Asian family may need urgent cash for a wedding, a religious function, media expenses or short-term working capital, but has no jewellery collateral. UAB is prepared to offer cash at 1 per cent interest a month, a far cheaper facility than those offered by pawnbrokers and moneylenders.

The Development and Commercial Bank, which was formerly a typical Chinese family business, symbolised by the unassuming logo, to the western eye, of an ancient Chinese coin.

Serving traders in Chinatown

Started by Malaysia's first finance minister, Tun Sir Henry H. S. Lee, it was content with making small profits serving the petty traders in Kuala Lumpur's Chinatown.

The transformation began two years ago, when Sir Henry's younger son, Mr. Alan Lee, 38, took charge of the bank.

There was a restructuring and injection of fresh capital, with Malay interests taking a substantial stake in D and C. From six branches in 1976, it has extended its network by another eight, and plans to open more. Deposits, which stood at 29m ringgits in 1975 rose to 52m last year, and are expected to reach 83m this year. Like the UAB, it has undertaken major recruitment, and at the same time held down the expansion in this area by reemployment.

The growth is reflected in earnings. After-tax profits last year were 1.23m ringgits, compared with 947,000 ringgits the previous year.

Other changes include reorganising its subsidiary Golden Castle Finance Corporation, and renaming it D and C Finance. The subsidiary made a meagre profit of 75,000 ringgits last year, but a much better showing is expected from it in future.

## PAN HOLDING SA Luxembourg

As of June 30th, 1978, the unconsolidated net asset value amounted to US \$122.35 per share of \$10 par value, showing an increase of 10.54% since December 31st, 1977, while, over the same period, the Dow Jones Industrial Index declined by 1.47%. This value was before payment on July 3rd, 1978, of a dividend of US \$2.35. The consolidated net asset value per share amounted as of June 30th 1978, to US \$135.43.

## Rise in Swiss franc hits Sandoz turnover

BY JOHN WICKS

ZURICH, July 17.

TURNOVER of the Swiss-based Sandoz group was lower by 7.3 per cent in the first half of 1978 than during the corresponding six-month period of last year. According to the parent company, the Basle chemical and pharmaceutical concern Sandoz AG, this drop from SWfr 2,440m to SWfr 2,250m (81.24m) was due exclusively to the deterioration of foreign currency exchange rates in relation to the Swiss franc.

But for the translation losses of Swiss franc income, which totalled SWfr 314m for the first half, turnover would have been up by 13 per cent to a record level, says Sandoz. The exchange-rate situation also had a noticeable effect on group income for the period, it noted.

In terms of Swiss francs, the group's agrochemicals sector showed what the parent undertakes an impressive growth of 18.4 per cent, to SWfr 161m against SWfr 136m for the January-June period. Products of the food division were also in strong demand, rising in Swiss francs by 1.6 per cent, to SWfr 337m from SWfr 233m.

Elsewhere, divisional sales dropped in Swiss franc terms over the first half of 1977. Sales of pharmaceuticals progressed satisfactorily in most markets, but declined by 8.6 per cent, after translation to SWfr 1,050m from SWfr 1,150m. Seed division turnover fell by 10.8 per cent to SWfr 206m from SWfr 231m in the face of

adverse weather conditions, and turnover of the dyestuffs division was down 14.3 per cent over the period from SWfr 662m to SWfr 568m. In this latter division sales levels rose in almost every important market, when measured in local currencies, Sandoz said.

Meanwhile, a report prepared by the Union Bank of Switzerland in Zurich states that prospects for the Swiss chemical industry are rather unfavourable.

Production and turnover are seen as likely to stay unchanged or even show a slight decline in 1978, despite a modest anticipated rise in the pharmaceutical sector; dyestuffs business is expected to continue to fall off. Profits are considered likely to deteriorate in comparison with

1977 for the industry, even if there is relief of the upward pressure on the Swiss franc.

Since the start of this year, says the Bank, business has declined in the chemical industry. A particular disadvantage for the export-oriented sector, some 80 per cent of whose output is sold abroad, has been the renewed appreciation of the currency.

An indication of this is given by the fact that while export volumes went up 14.2 per cent over the first five months of 1978, their value rose by only some 2.4 per cent, to SWfr 3,811m. Exports of dyestuffs and agrochemicals dropped in the January-May period, while there was a marked increase in those of pharmaceuticals, cosmetics and toiletries.

## Globinvest cuts payout after setback

BY OUR OWN CORRESPONDENT

ZURICH, July 17.

THE international securities fund Globinvest, an affiliate of the Union Bank of Switzerland, were booked.

At the same time, unchanged dividends of SWfr 1.60 and the Fonds fund for Swiss SWfr 3, respectively, are to be shares increased its profits due to dividend increases on the part of individual companies represented.

The fund were reduced by the profitability of the Pacific-Invest Fund for securities in the Pacific area, while fewer stock issues were booked.

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Turnover on the Basle Stock Exchange totalled SWfr 10,490m in the first half of this year, and was thus down on the figure of SWfr 11,030m recorded for January-June, 1977. The number of bargains booked dropped over the same period from 43,109 to 37,578, writes John Wicks from Zurich.

## Basle SE turnover

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## Fluor Corporation

(Incorporated under the laws of Delaware, United States of America)

Authorized	Shares of Common Stock	Issued
40,000,000	of \$0.825 par value	15,661,871

The change of state of incorporation and merger plan became effective on 14th July, 1978 whereunder each outstanding share of Common Stock of Fluor Corporation, a California corporation, was converted into one fully paid share of Common Stock of Fluor Corporation, a Delaware corporation.

The Council of The Stock Exchange has admitted to the Official List all the issued shares of Common Stock of Fluor Corporation. Particulars relating to Fluor Corporation are available in the Extel Statistical Service, and copies of the statistical card may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 4th August, 1978 from:

S. G. Warburg & Co. Ltd., 30 Gresham Street, London EC2P 2EB.	Pannure Gordon & Co., 9 Moorfields Highwalk, London EC2Y 9DS.
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## Dollar firmer in nervous trading

Initial reactions to the Bonn calculation of the pound's index summit gave the U.S. dollar a rose to 62.1, a level held all day. The slight boost as it appeared that and compared with 62.0 for the seven countries had reached previously.

Initial reactions to the Bonn calculation of the pound's index summit gave the U.S. dollar a rose to 62.1, a level held all day. The slight boost as it appeared that and compared with 62.0 for the seven countries had reached previously.

some agreement on major economic issues. However, trading remained nervous and ahead of a more comprehensive statement, which was expected to be issued by the end of the week. Fact conditions were such that any one of the several rumors in circulation possessed enough weight to alter rates in such tiny increments.

The dollar finished on or around its best level for the day with FRANKFURT — In extremely nervous trading ahead of the end of the Bonn summit, the dollar rose from its fixing of DM 2.0680 to DM 2.0685, but finished the day below the Bonn level of DM 2.0655. At that point the U.S. currency had touched DM 2.0680 during the afternoon on rumors of a new German commitment on growth and trade efforts on a U.S. energy policy.

**Sterling Margin (Percent)**

Trade-weighted average change in Sterling: from September 1977 to September 1978: +2.5% (in other currencies, -1.5%)

**STERLING**

1977 1978

A S O N D J F F M A M J J

**AMSTERDAM**—At the fixing the dollar was slightly firmer, **FL2.2240** compared with **FL2.2180** on Friday. In later trading continued to improve to **FL2.2280**.

**PARIS**—The dollar showed little movement in generally unsettled conditions and was quoted at

Friday. Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation narrowed to 7.5 per cent from 7.7 per cent previously.

ment and after opening at \$1.8860-  
\$1.8870, it improved on genuine  
demand to touch \$1.8880-1.8890.  
During the afternoon, however,  
the dollar's firmer trend pushed

the pound down to \$1.8790-1.8800 before recovering slightly at the finish to \$1.8795-1.8805, a loss of 25 points from Friday's close. There was little to indicate that the authorities may have intervened and the Bank of England's market is awaiting today's scheduled publication of Japanese trade figures for June. Turnover in the spot market amounted to \$324m while combined forward swap trading accounted for \$597m.

EXCHANGE CROSS-RATES				
July 17	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen
Pound Sterling	1.	1.880	5.995	362.0
U.S. Dollar	0.532	1.	3.070	203.7

Japanese Mark	0.257	0.483	1.	98.59
Japanese Yen 1,000	2.611	4.909	10.16	1000.
French Franc 10	1.198	2.235	4.523	454.9
Swiss Franc	0.290	0.549	1.151	111.3
Dutch Guilder	0.238	0.446	0.928	91.30
Italian Lira 1,000	0.526	1.177	2.437	239.5
American Dollar	0.474	0.891	1.844	181.5
German Franc 100	1.534	3.072	6.360	626.5

EURO-CURRENCY INTEREST RATES*					
	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Sw.
July 17					
Short term	12-13 1/2	7 1/4-8 1/4	7 1/2-8	4 3/4-4 5/8	2 1/2-2 3/4
7 days notice	11 1/4-12 1/2	7 1/4-8 1/4	7 1/4-8 1/4	4 1/4-4 5/8	2 1/4-2 3/4
Month	10 1/2-11 1/4	7 1/4-8 1/4	8 1/4-8 1/2	4 1/4-4 5/8	2 1/4-2 3/4

One year.....	12-12½	8½-9½	9½-10½	8½-9½	8½-9½
Three months.....	11½-12	8-8½	9-9½	8-8½	8-8½
Six months.....	12-12½	8-8½	9-9½	8-8½	8-8½

The following annual rates were quoted for London dollar certificates of deposit: one year 8.00-8.10 per cent.  
 12-month Hongdollar deposits: two years 9.50 per cent; three years 9.75-9.85 per cent.  
 Closing rates: £1=US\$1.54; HK\$1=US\$0.10.  
 Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day

**INTERNATIONAL MONEY MARKET**  
**Hong Kong prime rate**

**Hong Kong Prime Rate**

Prime lending rates of the leading Hong Kong banks have been raised by 0.5 per cent to 6 per cent, in a move probably intended to help the Hong Kong dollar.

The same rate will apply to seven-day money. The rate offered on six-month deposits by Hong Kong and Shanghai Banking and Chartered Bank has been

Official policy towards the end of last year was to peg interest rates to prevent speculative inflows into the Hong Kong dollar, but the currency has not performed well in recent months, losing more than five per cent this year against other currencies on a weighted basis, and about 30 per cent in terms of dollar-parity.

**PARIS**—Day-to-day money was 71 per cent, compared with 74 per cent on Thursday before the Bastille Day holiday. One-month funds were unchanged at 73 1/2 per cent, and three-month at 75 1/2 per cent. Six-month money rose to per cent to 81.82 per cent, while

London, a new rates win lead to a rise of 0.25 per cent in interest paid on savings and three-month fixed deposits, to 2.5 per cent. 12-month eased 4 per cent to 8 1/2 per cent.

**BRUSSELS**—Call money rose

**UK MONEY MARKET**

## Severe shortage

Initially very firm in the London money market yesterday, but eased on news that the authorities have deferred the recall of special deposits due next Monday, until September 11. The three month interbank rate opened at 4 1/2 per cent.

10-10) per cent, before falling to 10-10) per cent at the close. Day-to-day credit was in very short supply yesterday, and conditions are expected to remain difficult in the near future. The postponement of special deposit to six or seven discount houses at Minimum Lending Rate of 1 per cent, and by buying a very large number of bills. The purchases consisted of moderate Treasury bills, small local authority bills, and moderate

	sterling Certificate of Deposits	Interbank	Local Authority deposits	Local Auth. negotiable bank	Finance House Deposits	Compa
July 17 1976						

Overnight.....	—	104-25	—	—	104-
2 days notice.....	—	—	104-10%	—	—
7 days or more.....	—	—	—	—	11
One month.....	104-10 1/2	104-10 1/2	104-10%	104-	—
Two months.....	104-10 1/2	104-10 1/2	104-10%	104-	10%
Three months.....	104-10	104-10%	104-10%	104-	—
Six months.....	104-10	104-10 1/2	104-10%	104-	—

One month.....	104-10	104 $\frac{1}{2}$ -10 $\frac{1}{2}$	104-10 $\frac{1}{2}$	104 $\frac{1}{2}$
Three months.....	104-10	104 $\frac{1}{2}$ -10 $\frac{1}{2}$	104-10 $\frac{1}{2}$	104 $\frac{1}{2}$
Six months.....	104-10	104 $\frac{1}{2}$ -10 $\frac{1}{2}$	104-10 $\frac{1}{2}$	104 $\frac{1}{2}$
One year.....	104-10	104 $\frac{1}{2}$ -10 $\frac{1}{2}$	104-10 $\frac{1}{2}$	104 $\frac{1}{2}$
Two years.....	104-10	104 $\frac{1}{2}$ -10 $\frac{1}{2}$	104-10 $\frac{1}{2}$	104 $\frac{1}{2}$

Local authority and finance houses seven days' notice, others seven days' fix rate nominally three years 111-11 $\frac{1}{2}$  per cent; four years 111-11 $\frac{1}{2}$  per cent; five years are buying rates for prime paper, buying rates for 111-11 $\frac{1}{2}$  per cent bank bills 94-94 $\frac{1}{2}$  per cent. Approximate selling rates for one-month Treasury bills 93-92 per cent; one-month bank bills 92-92 per cent. Approximate selling rate for one-month bank bills 92-92 per cent; one-month bank bills 92-92 per cent.

Three-month Treasury Bills: 3 1/2 per cent. One-month trade bills 1 1/2 per cent. Two-month 1 1/2  
Finance House Base Rates (published by the Finance Houses Association): 10 p  
Deposit Rates (for small sums at seven days' notice) 6 1/2 per cent. Clearing Wa  
Treasury Bills: Average tender rates of discount 9.9446 per cent.

OTHER MARKETS				
	£	\$		Notes Rate
July 17				
Argentina Peso.....	1,498.1,608	796.60-798.94	Austria.....	274.284
Australia Dollar.....	1,6400-1,6500	0.8755-0.8737	Belgium.....	61-62½
Finland Markka.....	7,970.7,930	4,208.54-2,125	Denmark.....	10.50-10.56
Italian Lira.....	55.44-54.44	17.19-18.52	France.....	8.30-8.46
Greece Drachma.....	58.156-60.837	0.3615-0.3575	Germany.....	3.30-3.30
Hong Kong Dollar.....	9.7625-9.7875	4.6520-4.6540	India.....	1570-1600
Iran Rial.....	129-135	66.62-71.91	Japan.....	360-390
Kuwait Dinear (K.D.)	0.510-0.500	0.3753-0.3768	Netherlands.....	4.10-4.25
Luxembourg Franc.....	61.15-61.25	32.55-32.57	Norway.....	10.10-10.25
Malaya Dollar.....	4.4475-4.4625	2.5515-2.5625	Portugal.....	80-85
New Zealand Dollar.....	1.842-1.8943	0.9688-0.9662	Spain.....	1,435-1,465
Arabia Rya.....	4.91-5.1	3.40-4.46	Switzerland.....	3.35-3.45
Singapore Dollar.....	4.3425-4.3575	2.3065-2.3075	United States.....	1.88-1.91
South African Rand.....	1.6328-1.6498	0.9620-0.9775	Yugoslavia.....	34-36

Rate given for Argentina is free rate.

EURO-CURRENCY INTEREST RATES*										
July 17	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
Short term.....	12-13 1/4	7 1/4-8 1/4	7 1/4-8	4 3/4-4 3/4	2 3/4-2 3/4	5 1/4-5 1/4	8 1/4-8 1/4	9-15	7 1/4-8	2 1/2-2 3/4
Three months.....	10 1/4-10 1/4	7 1/4-8 1/4	7 1/4-8	4 1/4-4 1/4	2 1/4-2 1/4	5 1/4-5 1/4	8 1/4-8 1/4	11-15 1/2	7 1/4-8	2 1/2-2 3/4
Six months.....	10 1/4-10 1/4	7 1/4-8 1/4	7 1/4-8	4 1/4-4 1/4	2 1/4-2 1/4	5 1/4-5 1/4	8 1/4-8 1/4	11-15 1/2	7 1/4-8	2 1/2-2 3/4
One year.....	12-12 1/2	8 1/4-9 1/4	8 1/4-9 1/4	4 1/4-4 1/4	2 1/4-2 1/4	5 1/4-5 1/4	8 1/4-8 1/4	11-15 1/2	7 1/4-8	2 1/2-2 3/4

The following annual rates were quoted for London dollar certificates of deposit: One month 8.10-8.20 per cent; three months 8.45-8.55 per cent; six months 8.90-8.90 per cent; one year 9.05-9.15 per cent.  
 Long-term Eurodollar deposits: two years 9.91-9.91 per cent; three years 9.94-9.94 per cent; four years 9.94-9.94 per cent; five years 9.94-9.94 per cent. \* Rates are nominal closing rates.  
 Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-days' notice for mulders and Swiss francs. Asian rates are closing rates in Singapore.

# Hong Kong prime rates rise

Prime lending rates of the leading Hong Kong banks have been raised by 0.25 per cent to 6.25 per cent, in a move probably intended to help the Hong Kong dollar.

Official policy towards the end of last year was to peg interest rates to prevent speculative inflows into the Hong Kong dollar, but the currency has not performed well in recent months, losing more than five per cent since the beginning of the year on a trade-weighted basis, and about 30 per cent in terms of the Japanese yen.

The general upward trend in rates, including those in the U.S., has led to pressure on Hong Kong prime rates. The last rise in interest rates was by 0.75 per cent on May 1, and a further rise was widely expected.

Hong Kong's new rates will lead to a rise of 0.25 per cent on the overnight loan rate, and three-month fixed deposits to 2.5 per cent. The same rate will apply to seven-day money. The rate on three-month deposits at the Hong Kong and Shanghai Bank and Chartered Bank has been raised 1 per cent to 3.25 per cent, while 12-month deposits carry an interest rate of 4.75 per cent.

**TOKYO**—The call loan rate has been lowered by 0.12 per cent to 4.25 per cent. The overnight loan rate has been cut to 4.25 per cent, and the rate on three-month additional money to 4.5 per cent.

**PARIS**—Day-to-day money was 71 per cent, compared with 73 per cent on Thursday before the Brexille day holiday. One-month time funds were 50 per cent, three-month at 77-78 per cent. Six-month money rose 10 per cent to 81-82 per cent, while one-year eased 4 per cent to 84-85 per cent.

**BRUSSELS**—Call money rose

**tes rise**

4.65 per cent from 4.45 per cent. One-month deposit rates for Belgian francs (commercial) were unchanged at 51-51 per cent, while three-month rates stood at 53-53 per cent.

cent from 6.64 per cent. Six-month deposits were unchanged at 6.48 per cent, and 12-month at 7.74 per cent. The Belgian franc fell below its minimum level of 19.36 against the D-mark within the European currency make yesterday.

**AMSTERDAM**—Call money rose to 10.25 per cent from 4.44 per cent. The one-month interbank rate was unchanged at 44.5 per cent, and the three-month was unchanged at 54.33 per cent. Six-month money rose 61.61 per cent from 6.64 per cent.

**NEW YORK**—Federal funds rose to 7.13-7.37 per cent from 7.3 per cent on Friday. The Federal Reserve made three-day and overnight repurchase agreements on early money rates were steady.

Gold lost \$14 an ounce in the London bullion market yesterday to close at \$184.1941. After opening at \$185.1357, the metal was fixed at \$185.05 in the morning, a level repeated at the afternoon fixing. The closing level was the low for the day and was mainly in reaction to a generally steeper performance by the dollar.

In Paris the 12 1/2 kilo bar was fixed at FFf 26,900 per kilo.

	July 17	July 16
Gold Bullion in Fine		
Closing	\$184.1941	\$185.1357
Opening	\$185.1357	\$185.1357

## UK MONEY MARKET

## Severe shortage

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Fixed period interest rates were initially very firm in the London money market yesterday, but eased on overall as the authorities have deferred the raising of special deposits due next Monday, until September 11. The three month interbank rate opened at 10-10 1/2 per cent, and rose to 10-10 3/4 per cent, before falling to 10-10 1/4 per cent at the close.

Day-to-day credit was in very short supply yesterday and conditions are expected to remain difficult in the near future. The postponement of special deposit money was therefore seen as a move to moderate expected shortages in the money market during the next few weeks and to avoid undue severe pressure on the reserve assets position of the banking system which would otherwise cause unnecessary fluctuations in short-term interest rates.

The Bank of England gave an exceptionally large amount of assistance, by lending a extremely large amount overnight to six or seven discount houses at Minimum Lending Rate of 10 per cent, by issuing a very large number of bills. The purchases consisted of moderate Treasury bills, small local authority bills, and moderate eligible bank bills. Some of these were bought for resale to the

### LONDON MONEY RATES

[illegible]

**Approximate selling rates for one-month Treasury bills** \$192-30 per cent; two-month Treasury bills \$187-16 per cent. One-month trade bills 184 per cent; two-month 184 per cent.

**Finance House Rates:** Published by the Finance Houses Association; 10 per cent.

**Deposit Rates (for small sums at seven days' notice)** 61-7 per cent. Clearing Bank Deposits: 61-7 per cent.

**Treasury Bills:** Average tender rates of January 2, 1949 are as follows:

Afternoon fixing	FF 5.15	120.00
	(120.14)	(20.68)
Gold Coins	135.15	135.15
Domestically		
Kruggerand	115.15	115.15
2 1/2 oz. 900	115.15	115.15
New Sovereigns	155.50	155.50
	(155.50)	(155.50)
Old Sovereigns	154.50	154.50
	(154.50)	(154.50)
Gold Bars	115.15	115.15
Internationally		
Kruggerand	115.15	115.15
	(115.15)	(115.15)
New Sovereigns	155.50	155.50
	(155.50)	(155.50)
Old Sovereigns	154.50	154.50
	(154.50)	(154.50)
\$100 Marks	115.15	115.15
\$20 Marks	115.15	115.15
Sw. Marks	115.15	115.15

## MONEY RATES

[illegible]

WORLD STOCK MARKETS

Profit-taking pares fresh Wall St. advance

**INVESTMENT DOLLAR**  
Rising, which rose sharply last Friday after receiving a major order for aircraft, came back to \$2.60 from \$2.65 (100%); Effective \$1.800-191% (47%)

MOST of a fresh initial advance on Wall Street yesterday was lost late in the session when profit-taking took its toll.

The Dow Jones Industrial Average, after last Friday's advance of 13 points, rose further to 845.38 before retreating to close at a marginal 0.78 down on the day at \$2.60. The NYSE All Common Index was finally a net in cents higher at \$54.02, after reaching \$53.17, while gains in the narrow lead over declines at the close of 901 to 941. Turnover further increased to 20.15m shares from last Friday's level of 20.37m.

Hopes of a reduction in capital gains tax, which contributed to the stock market's strength last week, together with a continuing state of bullish second-quarter corporate earnings reports, were factors spurring share prices further ahead early yesterday.

However, analysts said that investors began to show caution today in advance of the Federal Reserve Open Market Committee Meeting, and the stock market will be watching for hints of new policies.

The Bonn summit meeting produced little incentive for investors, analysts added.

IBM, which reported higher earnings on Friday and a high at \$270, yesterday finished down on the day at \$266, after a fractional loss of 1/8.

Ford and General Motors, which reported fractional losses despite forecasts by Ford of record 1978 car sales.

**Canada**  
Fresh widespread gains occurred yesterday in another active trade, with the Toronto Composite Index advancing 3.3 points to a new 1978 high of 1164.4.

Metals and Minerals moved ahead 2.4 more to 908.8, while Banks rose 3.12 to 184.10. Papers advanced 1.19 to 116.25, and Utilities 0.20 to 173.49. In marked contrast, however, Golds retreated 2.75 to 171.10, and Oil and Gas, after last Friday's 2.47 upsurge, came back 1.7 to 131.9.

Noranda "A" jumped 1 1/2 to 32.90 on renewed interest in the per cent-owned Canadian Hunter Exploration's Alberta oil and gas deposits.

Canada Permanent Mortgage were up 1 to 31.75, Redway 3.12 to 31.75, and Carleton Place 3.12 to 31.75.

After higher earnings, Ego Mines, which was halted briefly to disclose news of oil discovery, advanced 1 1/2 to 32.90.

Consolidated Bathurst "A" rose 1 1/2 to 32.90, Royal Bank 3.12 to 31.75, and Alberta Gas Trunk "A" 3.12 to 31.75.

Stocks were inclined to gain ground in the early stages, but rises were later trimmed by profit-taking as investors moved to the sidelines to await the outcome of the Bonn summit.

The Nikkei-Dow Jones Average reached a new postwar peak of 5,699.84 before ending a net 7.65 higher at 5,682.22, while volume was a modest 230m shares compared with 330m last Friday.

Some Electricals and Vehicles met early buying on a general belief that the Bonn summit will lead to new trade agreements, with new trade agreements for Japan. Matsushita Electric advanced 3.12 to 173.49, TDK Electronics 3.12 to 173.49, Pioneer 3.12 to 173.49, and Toyota Motor 3.12 to 173.49.

Public Works Utilities, Machines, Pharmaceuticals and some Foods closed higher.

Kuraba advanced 1 1/2 to 173.49 on reports of spinning plant in India, while Sanitama Metal Industries put on 1 1/2 to 173.49 on its plan to increase the dividend for the current year.

**Hong Kong**  
Markets were sharply lower after quiet trading on local profit-taking, with the Hang Seng Index 10.16 down at 577.22. Turnover on the four exchanges aggregated HK\$85.55m, against last Friday's total of HK\$85.55m.

Brokers said that investors were reluctant to take profits in decision by the leading banks in Hong Kong to raise their interest rates. Hongs Kong and Shanghai Banking and Chartered Bank announced on Friday that their prime lending rates will be increased by half-point to 6 per cent per annum.

Hong Kong Bank and Jardine Matheson fell 40 cents apiece to HK\$13.30 and HK\$13.30, respectively, while Hongs Kong Land declined 30 cents to HK\$10.20. Hutchison Whampoa and Swire Pacific 20 cents each to HK\$25.00 and HK\$25.00. Wheelock 12.5 cents to HK\$12.50.

Hong Kong Telephone retreated 75 cents to HK\$33.75, Hongs Kong Electric 20 cents to HK\$10.10 and Hongs Kong Gas 10 cents to HK\$10.10.

NOTES: Overseas prices shown below exclude 5% premium. Bulgarian shares are based on after-withholding tax. Canadian shares are based on after-withholding tax. French shares are based on after-withholding tax. German shares are based on after-withholding tax. Italian shares are based on after-withholding tax. Japanese shares are based on after-withholding tax. Spanish shares are based on after-withholding tax. Swiss shares are based on after-withholding tax. Swedish shares are based on after-withholding tax. Dutch shares are based on after-withholding tax. Belgian shares are based on after-withholding tax. Austrian shares are based on after-withholding tax. Czech shares are based on after-withholding tax. Slovak shares are based on after-withholding tax. Hungarian shares are based on after-withholding tax. Polish shares are based on after-withholding tax. Czechoslovak shares are based on after-withholding tax. East German shares are based on after-withholding tax. West German shares are based on after-withholding tax. French shares are based on after-withholding tax. German shares are based on after-withholding tax. Italian shares are based on after-withholding tax. Japanese shares are based on after-withholding tax. Spanish shares are based on after-withholding tax. Swiss shares are based on after-withholding tax. Swedish shares are based on after-withholding tax. Dutch shares are based on after-withholding tax. Belgian shares are based on after-withholding tax. Austrian shares are based on after-withholding tax. Czech shares are based on after-withholding tax. Slovak shares are based on after-withholding tax. Hungarian shares are based on after-withholding tax. Polish shares are based on after-withholding tax. Czechoslovak shares are based on after-withholding tax. East German shares are based on after-withholding tax. West German shares are based on after-withholding tax.

Indices

	July 17	July 16	July 15	July 12	July 11	July 10	1916		Since complete	
							High	Low	High	Low
Industrial	638.05	638.83	624.78	624.84	621.25	616.76	669.61	742.32	701.70	613.24
							62.84	62.65		27.02
R'mo B'nd	97.00	99.94	98.96	97.08	98.97	98.97	101.11	101.11		
							(401)	(401)		
Transport	227.60	228.26	227.67	225.66	222.54	222.56	216.76	167.81	177.98	132.63
							50.70	50.70		10.13
Utilities	105.26	105.65	105.46	105.73	105.34	105.87	102.84	102.84	105.22	102.84
							(51.1)	(52.2)	(100.69)	(24.6)
Trading vol.										
1000's	28,190	28,878	28,616	28,640	27,408	29,477				



## STOCK EXCHANGE REPORT

Late boost imparted by deferral of special deposits  
Share index up for fifth successive day—Gilts also riseOption  
Account Dealing Dates

\*First Declara- Last Account  
Dealings Date Dealings Day  
Jun 26 July 6 July 7 July 13  
July 24 Aug 3 Aug 4 Aug 10  
July 24 Aug 3 Aug 4 Aug 10

\*New time - dealings may take place  
from 9.30 a.m. two business days earlier

Lacking guidance still about  
dividend control, seemed  
reluctant for a while yesterday to  
extend last week's uptick  
although week-end comment on  
Friday's trade returns, coupled  
with the measure of agreement  
reached in the Western economic  
summit in Bonn, underpinned a  
continuation of the firm trend.

Business was also inhibited by  
a disposition to await develop-  
ments in today's Government  
talks. Just after noon, however,  
a small demand, thought to be at  
first professional short-covering,  
nuzzled values forward at each  
subsequent calculation, until the  
Industrial Ordinary share index

A further injection of en-  
couragement came in the shape  
of the postponement until Sep-  
tember 11 of the final count of  
special deposits amounting to 1  
per cent of eligible liabilities  
which were due to have been paid  
next week. At the final count the  
index was 43.8 higher at 478.2,  
its best closing level for over two  
months. The broad-based FT-  
Actuaries All-share Index gained  
0.5 per cent to 210.1.

Gilt-edged securities had also  
made gradual progress with the  
emphasis on the longer maturities,  
the shorts being held in check by  
extremely tight money conditions  
in money markets. Little more  
was gained after hours on the  
special deposits announcement  
and late in the day quotations  
began to drift back from their  
highest. The long finally recorded  
a rise of 1/8, while the most  
active issues at the shorter end  
of the market were the two clean  
savings. Treasury 3 per cent 1981  
and the identical coupon maturing  
in 1982.

A modest late demand for in-  
vestment currency attracted the  
market and few sellers were  
operating, partly in view of the  
late easier rate for sterling. The  
premium thus rose fairly quickly  
to 107 per cent before settling at  
a net 21 points up 106.3 per cent.  
Yesterday's SE conversion factor  
was 0.6732 (0.6783).

Business in Traded Options got  
off to a brisk start and yesterday's  
total of 884 contracts (464 by mid-  
day), is the best figure for a  
Monday since dealings began on  
April 21. Over 30 per cent of the  
contracts were dealt in three  
contracts with 100 shares, the way  
with 193 followed by Grand Met,  
179, and Marks and Spencer, 110.

**Banks firm again**

Recording modest gains of a few  
pence at the 3.30 pm hour close,  
the major clearing banks made  
fresh headway on the announce-  
ment of a two-month postpone-

ment in the recall of special  
deposits. Barclays closed 6 to the  
good at 32p and Midland ended  
5 better at 38p as did NatWest, at  
28p. Lloyds, scheduled to start  
the interim dividend season on  
Friday, edged forward 2 to 28p.

Improvements of 5 and 6 respec-  
tively were seen in Bank of  
Scotland, 28p, and Allied Irish  
20p. Among Merchant Banks,  
Schroders moved forward 10 to  
41p and Antony Gibbs put on 3  
to 44p. Hire Purchases made pro-  
gress with Lloyds and Scottish up  
at 8p and UDT a penny dearer  
at 43p.

Insurances passed a quietly firm  
session. Royals added 9 to 37p  
and General Accident 8 to 21p.  
Among Composites, while Sun  
Alliance put on 6 to 51p, Among  
Brokers, Brentnall Beard at 30p,  
picked up 2 of the recent fall  
which stemmed from news of the  
company's involvement in events  
which led to a dispute between the  
Sasse syndicate and a  
Brazilian reinsurance group.

A modest two-way business in  
Breweries left prices little  
changed. Guinness were notably  
firm at 162p, up 3, while marginal  
improvements were recorded by  
Whitbread and Newcastle, 61p, and  
Whitbread A, 94p. Elsewhere,  
Press comment led to a slight  
rise in H. P. Bulmer, 3 better at  
127p.

Building sector produced  
several noteworthy movements  
despite a continuing low level of  
business. A. Monk, up 5 at 89p,  
after 5p, reflected news that St  
James' had acquired a 30 per cent  
holding in the company had been acquired  
by Dary International, which  
hardened a penny to 23p. Late  
support left Instock Johnson 7  
dearer at 17p, while favourable  
week-end Press mention prompted  
a rise of 9 to 72p in Morris and  
Blakey. Buyers showed interest in  
Brown and Jackson, 4 better  
at 18p, and J. W. Henderson, 5  
to the good at 21p. Among  
Timbers, Montague L. Meyer  
eased to 7p on the lower annual  
profits, but recovered to close 2  
dearer on balance at 51p. Magnel  
and Southern's preliminary re-  
sults due today, formed 3 to 4p.  
Leading issues to make a little  
headway included J. Laing A, 18p,  
Taylor Woodrow, 34p, and  
Blue Circle, 34p, all around 2  
better.

**Wallis up again**

ICI traded firmly, particularly  
in the late dealing, and ended  
7 to the good at 38p. Elsewhere  
in Chemicals, Yorkshire encoun-  
tered occasional support and put  
on 5 to 10p, while, in smaller-  
priced issues, E. Cory gained 1  
to 24p. Advertiser's Press com-  
ment, however, left Allied Colloids 3  
lower at 65p.

Secondary issues provided the  
major movements in Stores. Still  
benefiting from the excellent  
results and proposed 300 per cent

scrip issue, Wallis improved 7  
further to 150p, after 137p, while  
Press comment drew buyers' at-  
tention to Raybeck, 8p, and  
Lee Cooper, 12p, which closed  
2 1/2 and 6 higher respectively.

Alfred Freedy edged forward a  
penny to 8p in response to the  
higher annual earnings and  
dividend. Interim 8p, and  
Korntorfer hardened 5 to 18p  
following modest support in a  
thin market. Status Discount,  
however, softened a penny to  
18p, after 17p, despite the  
sharply higher interim profits.

Electricals were often better  
with EMT outstanding at 144p, up  
8, on revived investment demand.  
The factory interior 8p, and  
Dewhurst and Partner A penny  
harder at 14p, while Press  
comment helped GEC and

Miscellaneous Industrial leaders  
ended at the day's best with  
continuing support in the later  
stages by the postponement of  
the repayment of special deposits.  
Pilkington were particularly good  
at 58p, up 18, with buyers  
anticipating more marketability in  
the shares when they receive the  
100 per cent scrip issue next  
month. Unilever put on 5 to 54p  
and Metal Box hardened 4 to  
23p, while Beecham, 6p, and  
Glenax, 37p, improved 3 apiece.  
Elsewhere, the publication of the  
interim accounts led to a rise in  
Rank Organisation which touched  
25p before closing 2 harder on

a penny to 8p following a week-  
end Press mention. Roth-  
mans, however, gave up a like  
amount at 56p following recent  
firmness following the interim re-  
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port.

**Harrisons Malaysian Estates**

closed 4 better at 11p in sym-  
pathy with a rise of 13 to 53p  
in Hidders Harrisons and Cro-  
field; the latter now has accept-  
ance which, together with its  
existing holding, gives it 80.76  
per cent of HME.

**Demand for Westfield**

Westfield Minerals and North-  
gate Exploration from the Irish-  
Canadian section were the  
features of otherwise listless  
mining markets.

**Demand in Canada overnight**

for Westfield, based on unusual  
buying at the Johan Beitz prospect  
in Quebec, was followed through  
in London during the morning.  
Aggressive buying from Ireland  
in the face of a stock shortage  
caused a sharp jump in the price  
which closed at 150p, for an  
advance of 42p. Northgate, West-  
field's joint venture partner, rose 40  
in sympathy to close at 48p.

Elsewhere, South African Golds  
set the tone for the rest of the  
market. Trading was thin,  
inhibited by concern about the  
meaning of the Bonn Summit for  
the dollar price. In dollar terms  
prices tended a few cents lower,  
but the rise in the investment  
dollar premium left London  
prices mixed.

The Gold Mines Index was 0.7  
higher at 161.3. Price changes  
stayed within a narrow range,  
with West Dries 1 easier at 22p,  
and Randfontein 1 harder at  
23p. The bullion price was even-  
tually \$150 lower at \$184.375 an  
ounce.

**South African Financials were**

quiet, but De Beers remained firm  
for favourable comment on the  
latest C50 sales figures. Helped  
by the premium, the closing price  
was 3 higher at 38p.

**The search for diamonds in**

Australia meanwhile continued to  
benefit. Candiac Riohinto of  
Australia, which hardened 8 to  
24p, Northern Mining, which has  
small holding in CRY's Ashton  
venture, gained 6 to 10p.

**Other Australians were quiet,**

lacking a definite lead from the  
overseas Sydney market. Among  
uraniums, Pancontinental fell 1 to  
E31.

**Rhodians, Coppers and Tins**

were generally untested, but Saint  
Piran stood out in Tins after the  
sale of its A. Monk holding. The  
shares closed 5 higher at 54p, while  
South Crofty held steady at 8p.

**Trading in London Financials**

was drab and movements were  
confined to the odd penny. Rio  
Tinto-Zinc, 21p, and Selection  
Trust, 41p, were 2 softer, while  
Chatter and Consolidated Gold  
Fields were unchanged at 14p  
and 17p respectively.

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also found support at 77p, up  
5, while J. Waddington hardened  
2 to 19p, the latter following  
Press comment on the company's  
move into television games by  
the acquisition of Videomaster.

Leading Property shares showed  
a few more signs of life after the  
recent quiet spell. Land Securities  
in particular, attracted support  
and put on 6 to 21p, while MEPC  
gained 3 to 12p and English  
closed a penny dearer at 44p.

Stocks covered by the Govern-  
ment's demand at 24p, up 8,  
along with Property Security,  
which gained 7 to 16p. Rises of  
4 were recorded in Great  
Portland, 28p, and Balesmore, 23p.  
Elsewhere, 12p, Capital and  
County, hardened a penny to  
32p following news that the  
company has applied for consent  
to redevelop its land at Ferry  
Works and Lacy Road, Putney.

**Shell improve**

Week-end Press comment  
suggesting that the possible  
Shetland oil find had been  
downgraded dampened sentiment  
in British Petroleum which traded  
quietly and closed unaltered at  
86p. Shell, however, firmed 5 to  
57p, while Royal Dutch improved  
1 1/2 to 47 1/2, the latter on overseas  
advice. Ultramar continued to  
attract occasional investment  
demand and edged up 3 more to  
speculative positions took Oil  
Exploration down to 21p before  
settling at 22p for a loss of 0.4  
on balance. Shell's proposed  
dividend of 1.5s, a similar amount down at  
37p, after 38p.

Investment Trusts attracted a  
reasonable business and closed  
with widespread gains. Rothchild  
Investment became a good late  
feature at 30p, up 17, on the  
increased dividend and earnings.  
Deferred Trusts rose 12 to 28p  
following the announcement that the 5 per cent  
convertible unsecured loan stock-  
holders had given the go-ahead to  
Barclay's Bank, while London  
Trust Deferred moved up 3 to  
101p on revived bid speculation.  
Other firm spots included Cale-  
on, which rose 4 to 51p, a 1978  
peak of 24p, and Scottish  
National, 3 1/2 to the good at 154p.

Shippings spent an uneventful  
session. P. O. Q. rose 1 to 8p,  
British and Commonwealth, 28p,  
and Common Brothers, 11p, put  
on 2 and 3 respectively. Loïs  
closed without alteration at 32p  
following the chairman's state-  
ment at the annual meeting.

Mackinnon of Scotland moved  
into the limelight in Textiles,  
rising 13 to a 1978 peak of 51p.  
South Crofty held steady at 8p.  
Press comment. Other benefi-  
ciaries of Press comment included  
Dawson International, 3 harder at  
13p, and Nova (Jersey) Knit, 3 1/2  
higher at 45p.

Chair and Consolidated Gold  
Fields were unchanged at 14p  
and 17p respectively.

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## OFFSHORE AND OVERSEAS FUNDS

[illegible]

INSURANCE BASE RATES	
† Property Growth .....	10 1/2 %
† Vanbrugh Guaranteed .....	9.50%

\* Address shown under Insurance and Property Bond Table

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London, Manchester.

## BRITISH FUNDS

High Low Stock Price Div. Yield

"Shorts" (Lives up to Five Years)

High	Low	Stock	Price	Div.	Yield
100	99	British Fund	100	1.2	1.2
101	100	British Fund	101	1.2	1.2
102	101	British Fund	102	1.2	1.2
103	102	British Fund	103	1.2	1.2
104	103	British Fund	104	1.2	1.2
105	104	British Fund	105	1.2	1.2
106	105	British Fund	106	1.2	1.2
107	106	British Fund	107	1.2	1.2
108	107	British Fund	108	1.2	1.2
109	108	British Fund	109	1.2	1.2
110	109	British Fund	110	1.2	1.2

Five to Fifteen Years

High	Low	Stock	Price	Div.	Yield
111	110	British Fund	111	1.2	1.2
112	111	British Fund	112	1.2	1.2
113	112	British Fund	113	1.2	1.2
114	113	British Fund	114	1.2	1.2
115	114	British Fund	115	1.2	1.2
116	115	British Fund	116	1.2	1.2
117	116	British Fund	117	1.2	1.2
118	117	British Fund	118	1.2	1.2
119	118	British Fund	119	1.2	1.2
120	119	British Fund	120	1.2	1.2

Over Fifteen Years

High	Low	Stock	Price	Div.	Yield
121	120	British Fund	121	1.2	1.2
122	121	British Fund	122	1.2	1.2
123	122	British Fund	123	1.2	1.2
124	123	British Fund	124	1.2	1.2
125	124	British Fund	125	1.2	1.2
126	125	British Fund	126	1.2	1.2
127	126	British Fund	127	1.2	1.2
128	127	British Fund	128	1.2	1.2
129	128	British Fund	129	1.2	1.2
130	129	British Fund	130	1.2	1.2

Undated

INTERNATIONAL BANK

88 102 104 106 108 110 112 114 116 118 120 122 124 126 128 130 132 134 136 138 140 142 144 146 148 150 152 154 156 158 160 162 164 166 168 170 172 174 176 178 180 182 184 186 188 190 192 194 196 198 200 202 204 206 208 210 212 214 216 218 220 222 224 226 228 230 232 234 236 238 240 242 244 246 248 250 252 254 256 258 260 262 264 266 268 270 272 274 276 278 280 282 284 286 288 290 292 294 296 298 300 302 304 306 308 310 312 314 316 318 320 322 324 326 328 330 332 334 336 338 340 342 344 346 348 350 352 354 356 358 360 362 364 366 368 370 372 374 376 378 380 382 384 386 388 390 392 394 396 398 400 402 404 406 408 410 412 414 416 418 420 422 424 426 428 430 432 434 436 438 440 442 444 446 448 450 452 454 456 458 460 462 464 466 468 470 472 474 476 478 480 482 484 486 488 490 492 494 496 498 500 502 504 506 508 510 512 514 516 518 520 522 524 526 528 530 532 534 536 538 540 542 544 546 548 550 552 554 556 558 560 562 564 566 568 570 572 574 576 578 580 582 584 586 588 590 592 594 596 598 600 602 604 606 608 610 612 614 616 618 620 622 624 626 628 630 632 634 636 638 640 642 644 646 648 650 652 654 656 658 660 662 664 666 668 670 672 674 676 678 680 682 684 686 688 690 692 694 696 698 700 702 704 706 708 710 712 714 716 718 720 722 724 726 728 730 732 734 736 738 740 742 744 746 748 750 752 754 756 758 760 762 764 766 768 770 772 774 776 778 780 782 784 786 788 790 792 794 796 798 800 802 804 806 808 810 812 814 816 818 820 822 824 826 828 830 832 834 836 838 840 842 844 846 848 850 852 854 856 858 860 862 864 866 868 870 872 874 876 878 880 882 884 886 888 890 892 894 896 898 900 902 904 906 908 910 912 914 916 918 920 922 924 926 928 930 932 934 936 938 940 942 944 946 948 950 952 954 956 958 960 962 964 966 968 970 972 974 976 978 980 982 984 986 988 990 992 994 996 998 1000

## CORPORATION LOANS

High Low Stock Price Div. Yield

High	Low	Stock	Price	Div.	Yield
101	100	British Fund	101	1.2	1.2
102	101	British Fund	102	1.2	1.2
103	102	British Fund	103	1.2	1.2
104	103	British Fund	104	1.2	1.2
105	104	British Fund	105	1.2	1.2
106	105	British Fund	106	1.2	1.2
107	106	British Fund	107	1.2	1.2
108	107	British Fund	108	1.2	1.2
109	108	British Fund	109	1.2	1.2
110	109	British Fund	110	1.2	1.2

Public Board and Ind.

FINANCIAL

101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000

## FOREIGN BONDS &amp; RAILS

High Low Stock Price Div. Yield

High	Low	Stock	Price	Div.	Yield
101	100	British Fund	101	1.2	1.2
102	101	British Fund	102	1.2	1.2
103	102	British Fund	103	1.2	1.2
104	103	British Fund	104	1.2	1.2
105	104	British Fund	105	1.2	1.2
106	105	British Fund	106	1.2	1.2
107	106	British Fund	107	1.2	1.2
108	107	British Fund	108	1.2	1.2
109	108	British Fund	109	1.2	1.2
110	109	British Fund	110	1.2	1.2

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BRACKEN HOUSE, 18, CANNON STREET, LONDON EC4A 3BY

Tel: Editorial 88641/2, 88387. Advertisements: 88533. Telegrams: Financial Times, London FSA.

Telephone: 01-248 8000.

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester. Tel: 248 8036

INTERNATIONAL AND BRITISH OFFICES

## EDITORIAL OFFICES

Amsterdam: P.O. Box 1286, Amsterdam C.

Tel: 12171 Tel: 240 555

Birmingham: George House, George Road.

Tel: 238500 Tel: 621 454 002

Bonn: Preussische 11, 104 Hausallee 2-10.

Tel: 22222 Tel: 210200

Brussels: 38 Rue Duesse.

Tel: 22222 Tel: 210200

Cairo: P.O. Box 200.

Tel: 22222 Tel: 210200

Dublin: 8 Fitzwilliam Square.

Tel: 22222 Tel: 210200

Edinburgh: 27 George Street.

Tel: 22222 Tel: 210200

Frankfurt: im Schaeferhaus 13.

Tel: 22222 Tel: 210200

Hamburg: 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

London: 18, Cannon Street, London EC4A 3BY

Tel: 22222 Tel: 210200

Lisbon: 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

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New York: 120 Rockefeller Plaza, N.Y. 10019

Tel: 22222 Tel: 210200

Paris: 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

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**FINANCE, LAND—Continued**[illegible]

194	134	234	2	874	2.3	8.8	14.8	125	63	RH South Afr	109	-1	-
896	720	866	....	22.10	4.2	3.9	9.4	320	150	Central Pacific	550		
762	65	65	....	56%	500	13.9	-	236	148	Consolidated Petroleum Co	242	+8	Q10c

[illegible]

390	250	Finders (Las. 30p)	348	-2	U.S. 0	6.5	0	120	55	Supreme Corp. 33 1/2	78	ZQ10c
138	95	Gill & Duffins	136	.....	b4.36	3.2	4.9	8.4	85	Tanjong 15p	92	6.5
666	7.98	Griffin ETO	662	.....	0.28c	4	1.9	100				

[illegible]

59	41	41	75	01	15	25	dollar premium.
59	41	41	55	01	15	25	"Tap" Stock.
163	69	69	160	44	11	38	Wine and Lard marked thus have been adjusted.

81	36	Malakoff Inc.	76	49	145.45	1.9	4.3	1.0
82	36	Marathon Oil Corp.	76	49	145.45	1.9	4.3	1.0
83	36	Marathon Petroleum Corp.	76	49	145.45	1.9	4.3	1.0
84	36	Marathon Petroleum Corp.	76	49	145.45	1.9	4.3	1.0
85	36	Marathon Petroleum Corp.	76	49	145.45	1.9	4.3	1.0
86	36	Marathon Petroleum Corp.	76	49	145.45	1.9	4.3	1.0
87	36	Marathon Petroleum Corp.	76	49	145.45	1.9	4.3	1.0
88	36	Marathon Petroleum Corp.	76	49	145.45	1.9	4.3	1.0
89	36	Marathon Petroleum Corp.	76	49	145.45	1.9	4.3	1.0
90	36	Marathon Petroleum Corp.	76	49	145.45	1.9	4.3	1.0
91	36	Marathon Petroleum Corp.	76	49	145.45	1.9	4.3	1.0
92	36	Marathon Petroleum Corp.	76	49	145.45	1.9	4.3	1.0
93	36	Marathon Petroleum Corp.	76	49	145.45	1.9	4.3	1.0
94	36	Marathon Petroleum Corp.	76	49	145.45	1.9	4.3	1.0
95	36	Marathon Petroleum Corp.	76	49	145.45	1.9	4.3	1.0
96	36	Marathon Petroleum Corp.	76	49	145.45	1.9	4.3	1.0
97	36	Marathon Petroleum Corp.	76	49	145.45	1.9	4.3	1.0
98	36	Marathon Petroleum Corp.	76	49	145.45	1.9	4.3	1.0
99	36	Marathon Petroleum Corp.	76	49	145.45	1.9	4.3	1.0
100	36	Marathon Petroleum Corp.	76	49	145.45	1.9	4.3	1.0

E36b2	E29a	Handout on Est. R2	E33a	+4	10/30de	2.9	6.2
178	78a2	West Rand RI	133	-8	10/13c	6.7	5.8

[illegible]

271	132	200	+1	0.025	2.1	6.0	Bertani.....	21	.....
836	589	824	+1	0.025	2.4	6.0	Bdg'wtr. Est. 50p	267	.....
238	163	216	+4	0.15	0	11.5	Flower Creek	26	.....

[illegible]

122	95	New Wit Sec	118	.....	Q15c	0.6	7.6	6	London Brick	5	5
1174	860	Patino N Fly 5	117	.....	Q150c	0.6	2.7	20	Intreuropean	5	5
58	50	Rand London 15c	53	.....	Q101c	0.6	11.1	15	Land Sec	5	5

[illegible]

### 3-month Call Rates.

Materials	1 C.I.	28	Tube Invest.	5
Steel	6 "Imps"	6	Unlever	3
Cement	18 "C.I."	8	Club Property	7
Power	9 Interst.	20	Woolworths	1
Chemicals	17 SCA	3		
Savings Bank	25 Ladbroke	17		
Relays	35 Legal & Gen.	14	Property	
Oil Drug	15 Lev Service	7	Brit. Land	5
Water	16 Lloyds Bank	22	Can. Counties	5

[illegible]



# FINANCIAL TIMES

Tuesday July 18 1978

Top quality ventilation  
**Vent-Axia**  
the fug fighter

## Flights ban penalty for aiding hijackers

FINANCIAL TIMES REPORTERS

COUNTRIES which refuse to extradite or prosecute terrorists and hijackers, or refuse to return hostages and aircraft, face a total suspension of air traffic connections with the seven major Western industrial powers.

This was agreed here tonight by leaders of the countries—the U.S., Canada, West Germany, the U.K., France, Italy and Japan—as a by-product of their two days of talks on international economic problems.

The terrorism question, which had not been scheduled to be a part of the summit's agenda, was raised by Mr. Takeo Fukuda, Japanese Prime Minister, and was immediately taken up by Mr. Pierre Trudeau of Canada.

According to one source at the discussion of the issue, "All the rest then jumped onto the hand-wagon."

In addition to blocking flights to an offending nation and rights from it to airports in the seven States, the agreement

BONN, July 17.

focused on a problem, not on individual cases.

The agreement on terrorism follows many vaguely worded statements of good intentions at past international gatherings.

Only in recent months have these been followed up by closer practical co-operation—for example, between France and West Germany and between West Germany and Italy.

In reaching their agreement, the seven leaders were doubtless heavily influenced by the plague of terrorist incidents during the 12 months since they met in London—a period that has seen the kidnapping and murder of Sir Aldo Moro in Italy, Dr. Hans Martin Schleyer in Germany as well as hijackings and terrorist atrocities in other countries.

Should any of the participants in the Bonn meetings have arrived without the terrorist theme on his mind, the massive security screen provided by the West German police must have been a grim reminder.

## Retail sales nearing peak 1973-4 levels

BY DAVID FREUD

RETAIL SALES continued to advance last month, and are now approaching the peak levels of 1973 and 1974.

It is also beginning to look as if the worst fears of some forecasters—that any increase in spending would suck in imports of finished consumer goods—were exaggerated.

The increase in retail sales over the first half of the year is paralleled by a similar gain in industrial output, while imports of finished goods have risen by much less than imports of raw materials.

The index of the volume of retail sales for June rose 0.6 per cent to 109.7 (1970=100, seasonally adjusted) according to provisional estimates by the Department of Trade.

The underlying trend on a three-monthly basis shows that retail sales in the second quarter were 1.5 per cent above the January-March period.

This increase is in line with that for industrial production. Figures for this are available only up to May, but the March-May total was 1.3 per cent above the previous three months.

A breakdown of imports into consumer and non-consumer goods, completed up to May, shows that imports of consumer goods rose by 14 per cent from the base of the last quarter of 1977 to May; capital goods imports were up 5 per cent; while other finished goods, imported by manufacturers, were up 27 per cent.

Retail sales in the first half of the year were 4.2 per cent above the same period last year.

### RETAIL SALES

	Volume 1971=100 (seasonally adjusted)	Value percentage change compared with a year earlier (not seasonally adjusted)
1977 1st	102.3	+14
2nd	102.5	+13
3rd	104.3	+15
4th	104.4	+13
1978 1st	106.3	+13
2nd	108.1*	+15*
1978 Mar.	107.0	+15
April	106.7	+15
May	108.4	+15
June	109.7*	+15*

\* Provisional estimate  
Source: Department of Trade

and 3.5 per cent above the average for 1977 as a whole.

Retailers are confident that this means the 1978 total will achieve the rise of 5 per cent over 1977 they have been predicting. This will raise the index close to the peak level of 1973, when the average index for the year was 110.3.

The retail sales index is likely to rise again in July due to the tax rebates stemming from the introduction of the new 25 per cent tax rate. The rebates are expected to inject about £450m into the economy.

Another boost to sales should come in November when about £300m will be paid in tax rebates arising from the main Tax Finance Bill amendments which cut the standard rate and raised the threshold for the higher rates.

## Thatcher takes tough line on dissidents

BY RICHARD EVANS, LOBBY EDITOR

MRS. MARGARET THATCHER, Conservative leader, called last night for a wide-ranging embargo against Russia, including trade sanctions.

Unless there was a change of attitude towards dissidents in the Soviet Union and towards Communist infiltration in Africa.

Her remarkably tough attitude, spelled out during an interview on the BBC1 Panorama programme, went far beyond her previous comments on the Russian danger, and the subject could become a live issue in a General Election campaign.

Mrs. Thatcher's specific proposal was that the West should make far greater use of the powerful weapons it possessed, particularly in the field of trade.

She suggested that the export of food and technology and the supply of cheap credit should be banned if the Russians refused to honour their commitment to improve human rights, or did not end their political takeover via the Cubans in Africa.

"We should jointly consider cutting some of these things off if Russia goes on behaving as she has done... we are not without cards to play and we must make it clear to the Russians and Cubans that enough is enough," Mrs. Thatcher declared.

It was ridiculous to see the Soviet Union building up armaments for attack and, at the same time, give the Russians food and technology. The alternative to action was to do nothing and to act as a doormat.

The West was a far wealthier group of nations than the Warsaw Pact countries, but at the moment it was too frightened to do anything. What it lacked was leadership.

In a 50-minute interview an aggressively confident Mrs. Thatcher, ranged over the whole field of politics and made it clear she would avoid a pact with any other party after the General Election if she possibly could.

The clear inference was that should the Tories be returned as the largest party but without an overall majority, Mrs. Thatcher might press ahead alone for some months until she could call another election, in the hope of securing a greater grip on power.

In particular, the Tory leader did not think any arrangements with the Liberals would be necessary. While she could rule out nothing in politics she would be "very unwilling" to negotiate a Lib-Con pact.

Asked if she could promise Mr. Edward Heath a place in her Cabinet, Mrs. Thatcher hedged by saying that the Cabinet would not be chosen until she had won the General Election but she referred to Mr. Heath specifically in the context of the Foreign Secretaryship.

## Brezhnev's likely successor dies

BY DAVID SATTER

MOSCOW, July 17.

MR. FYODOR KULAKOV, widely considered the most likely eventual successor to Mr. Leonid Brezhnev, as Soviet Union President, died today at the age of 60, the Tass news agency announced.

No cause of death was given. Mr. Kulakov was not known to have had health problems. Tass said he died suddenly.

His funeral is to be held in Red Square, an honour granted only to the Soviet's most prominent figures.

Mr. Kulakov's death, besides creating the first Politburo vacancy since the removal of Nikolai Podgorniy, the former Soviet President, in May, 1977, further complicates the question of who will eventually succeed Mr. Brezhnev.

The official announcement of Mr. Kulakov's death expressed "deep sorrow" and described him as "a noted figure of the Communist Party and Soviet state."

He seems to have become a more public figure in recent years than either Mr. Vladimir Shcherbitsky, Ukrainian party chief, or Mr. Grigory Romanov, Leningrad party leader, the only two Politburo members of comparable age and strategic political position.

A full Politburo member since 1971, Mr. Kulakov had overall responsibility for agricultural policy until 1976 when his duties appeared to widen.



Mr. Fyodor Kulakov

He addressed the Moscow meeting commemorating the 59th anniversary of the October revolution in 1976, a singular honour for one of the younger Politburo members and recently received a Hero of Socialist Labour award. In June, he was given the sensitive assignment of representing the Kremlin at the Yugoslav Communist Party congress.

THE LEX COLUMN

## Hidden growth at Rank

The reaction of the foreign exchange market to yesterday's summit communiqué will be crucial for the stock market.

Any show of strength by the dollar, in particular, would be unlikely to go down very well with gilt-edged. Much more important yesterday was the purely domestic move to ease the current money market squeeze by delaying the special deposits recall until September.

So equities extended their recent rise nearly 5 points further, while in gilts the long tap may be within 1 or 2 of the Government broker's next price.

The question now is whether sterling holds up well enough to encourage the authorities to order the long encamped Duke of York down the hill a bit by easing MLR in the hope of stimulating demand.

Rank Organisation

A firm underlying trend in profits at the Rank Organisation is being hidden by currency movements, and the group will be pressed to match last year's reported total of £154.5m during 1977-78. At the half-way stage, where this year's p/e could be about 7:1 and the historic yield is 4.9 per cent.

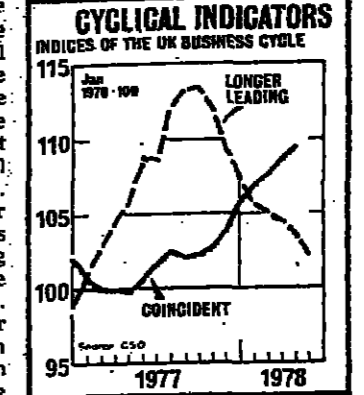
The key lies at the Rank Xerox associate, whose effect of currency swings has been to reduce the figures so far by £13m compared with year ago. The U.S.-style method of currency translation, FAS 8, inflated profits at RX by some £29m during 1976-77, but will have a broadly neutral impact this year. The upshot is that although its underlying profits are about 12 per cent up, the Rank Organisation's share is down from £80.5m to £53.6m so far.

Meanwhile, non-Xerox profits are up from £612,000 to £3.9m pre-tax. About half the improvement stems from lower finance costs following a fall in group borrowings, and other positive factors include substantially higher revenues from the cinemas and lower losses at Rank Radio International. This business is on budget with its recovery programme, and is still discussing with the Japanese the future of its TV manufacturing operation. Trading profits in the current half will get a further boost from the hotels and Butlin's, where bookings are running ahead of target.

The two weak spots are Audio Visual, which is finding the competition too fierce to

Index rose 4.9 to 479.3

CYClical INDICATORS



recover the higher sterling cost of its Japanese hi fi imports, and Australia where the colour TV going is even rougher than feared. But it may now have passed the worst—and anyway profits were already beginning to slide away during the second half of last year.

All this adds up to relatively uninspiring short term prospects for the shares at 246p, where this year's p/e could be about 7:1 and the historic yield is 4.9 per cent. However RX should be capable of maintaining its underlying performance at least during 1978-79, with a rising proportion of direct sales and the £200 series moving into profits.

First Boston/CSWW

The news that First Boston and Credit Suisse White Weld are planning to take a stake of around one third in each other's organisation makes a lot of sense. While First Boston probably ranks on a par with Goldman Sachs and Morgan Stanley in the U.S. market, its international operations (which account for some 13 per cent of its revenues) have not been particularly successful to date.

By contrast CSWW has established itself in less than eight years as one of the leading houses in the Euromarkets. It is one of the top lead managers of Eurobond issues. However, the loss of its link with White Weld, following the latter's acquisition by Merrill Lynch earlier this year, has put it at a disadvantage in the U.S. market. Consequently, the two firms seem to complement each other and for First Boston there is the added bonus that it might get an injection of over \$30m of extra capital.

Montague L. Meyer

Pre-tax profits of Montague L. Meyer, the largest of UK timber groups, have fallen by nearly a tenth to £12.1m on turnover increased by £1.2m to £247m. This is still better than the performance managed by International and Bannockburn over the same 12 month period. So Meyer has been doing its own in softwood varieties and gained a firm market share.

However, with timber prices well down because of demand and currency factors (Scandinavian devaluation not helped) the group has gained a significant amount of stock appreciation relief: he has a higher tax charge. Together with the stock loss, he has sliced 40 per cent of attributable profits. But on a two taxable profits are higher than the historic cost version due to a positive cost of adjustment. At 81p the share should settle at around price levels.

## U.S. thinks again about Bremen scheme

FINANCIAL TIMES REPORTERS

BONN, July 17.

THE CARTER Administration is having serious second thoughts about the merits of the EEC's Bremen currency scheme. These have stopped the U.S. from making a public endorsement at the world economic summit meeting here.

During the talks, President Carter questioned his European counterparts closely on the way in which the plan would work, and particularly on its likely effects on the value of the dollar.

The main American reservations are that the plan could artificially hold down the stronger European currencies against the dollar, and that excessively deflationary policies might have to be adopted by the weaker European participants.

President Carter is understood to have secured an EEC undertaking to keep Washington closely informed as studies on the plan progress. Mr. Michael Blumenthal, the U.S. Treasury secretary, said that President Carter could not be expected

to endorse the EEC programme before the details had been worked out. He said the Administration would want to know great deal more before it would be prepared to comment. The Treasury Secretary stressed these views to fellow finance ministers at a private dinner last night.

Japanese fears

A somewhat wary attitude towards the Bremen scheme has also been taken by Japan. Mr. Takeo Fukuda, the Japanese Prime Minister, questioned his colleagues closely on whether the plan would be backed by sufficient resources, to withstand speculative movements from whether the balance of payments and inflation differentials between the participating countries could be reconciled successfully.

Japan fears that, if the scheme is effective, it could renew pressure on the yen by preventing speculative movements from whether the balance of payments and inflation differentials between the participating countries could be reconciled successfully.

In contrast to the cautious British approach towards the whole issue of currency stabilisation, France has been urging its EEC partners here to press ahead as rapidly as possible with the implementation of the Bremen proposals.

Mr. René Monory, the French Economics Minister, emphasised at last night's dinner President Giscard d'Estaing's personal commitment to the idea.

While Chancellor Helmut Schmidt appeared to be the moving force behind the scheme up to the Bremen EEC summit 10 days ago, President Giscard has made the running here. He argues that the Franco-German plan should be put into effect as soon as possible, even if all members are not ready to take part.

Herr Schmidt on the other hand apparently attaches more importance to bringing in all the Nine from the start. He has also taken greater pains to reassure American sensibilities.

Continued from Page 1

## Bonn summit pledges

JAPAN: Mr. Fukuda has reiterated promises to increase urgently imports of enriched uranium, civil aircraft and crude oil. There were unconfirmed reports here tonight that at least some of the oil might come from Alaskan production.

He also pledged "unusual measures" to ensure that export volume in the current fiscal year was kept at the 1977 level, but warned that this would only be possible if other industrialised countries reduced their rates of inflation.

He reaffirmed his commitment to a 7 per cent economic growth rate this year, mainly through the expansion of domestic demand. He would decide in August or September whether additional measures were needed to attain this aim.

FRANCE: President Giscard d'Estaing agreed to increase the budget deficit this year by the equivalent of 0.5 per cent of gross national product, while pursuing anti-inflationary policies.

ITALY: Sig. Giulio Andreotti undertook to raise growth rate next year by 1.5 percentage points over this year. This would

be done by cutting public current expenditure while stimulating investment.

CANADA: M. Pierre Trudeau promised to increase output growth up in a rate of 5 per cent annually.

BRITAIN: Mr. Callaghan merely pledged to continue the fight against inflation while referring to the fiscal stimulus supplied already under the spring Budget. This amounts to more than 1 per cent of gross national product.

In an effort to drive home the seriousness of their pledges, the leaders have agreed that a monitoring mechanism should be set up to review progress made in implementing them.

The first formal review will take place towards the end of this year and a further summit is due to be held some time next summer, probably in Tokyo.

However, plans for a similar monitoring system were agreed at the London summit in May of last year, and the review the following November merely took note of the seven countries' failure to carry out undertakings to achieve specific growth targets.

In response to European concern about security of nuclear

fuel supplies, the U.S. and Canada expressed their firm intention to continue as reliable suppliers of fuel within the framework of effective safeguards.

The leaders' lengthy discussions of protectionism concluded with a statement of their determination to complete the current Tokyo round of multilateral trade negotiations by December 15 this year, even though "some difficult and important issues remain unresolved."

European pressures on the U.S. to align its countervailing duty laws with GATT rules were alluded to in a general undertaking that countries would move as quickly as possible to conform with GATT.

The leaders all laid particular importance in their closing Press conference on the need to improve relations between industrialised countries and the third world.

Japan repeated earlier pledges to double official development aid within three years, but failed to specify whether this increase would be in terms of dollars or of yen.

Continued from Page 1

## State pay

leave them nothing for introducing flexibility.

Private sector industrialists do not agree with this view. Some fear that any specifying the amount to be used to introduce flexibility into pay structures, the Government would be increasing the rigidity of negotiations.

They would rather have both amounts added together to make a single figure which individual companies could then split.

The confederation, therefore, is unlikely to back the nationalised industry chairman since its main concern is that the new policy should be as flexible as possible. The chairman's ideas might also be opposed by union leaders if it meant that there would have to be detailed vetting of pay deals to ensure the specified amount was used for flexibility.

On pay sanctions, the confederation will be starting detailed negotiations on precise wording if, as seems likely, the Government intends to continue with the present system. However, it is not clear whether the Government intends to spell out in its White Paper precisely how the sanctions system works or whether it will leave the issue vague.

## Weather

UK TODAY  
MOSTLY dry.  
London, S.E., S.W., Cent. S. England: Chilly but bright.  
Mostly dry, sunny periods. Max. 20C (68F).

E. Anglia, Midlands, E. Cent. N. England  
Dry, sunny periods. Max. 21C (70F).

Wales, N.W. England, Isle of Man  
Perhaps some rain later. Max. 18C-19C (64F-66F).

BUSINESS CENTRES  
V-day  
Monday  
London 10-11  
Paris 10-11  
New York 10-11  
Tokyo 10-11  
Sydney 10-11  
Auckland 10-11  
Wellington 10-11  
Christchurch 10-11  
Dunedin 10-11  
N. Zealand 10-11  
S. Zealand 10-11  
Tasmania 10-11  
Victoria 10-11  
Queensland 10-11  
New South Wales 10-11  
South Australia 10-11  
Western Australia 10-11  
Tasmania 10-11  
Victoria 10-11  
Queensland 10-11  
New South Wales 10-11  
South Australia 10-11  
Western Australia 10-11

N.E. England, Borders, Edinburgh, Dundee, Aberdeen  
Mainly dry, sunny intervals developing. Max. 19C (66F).

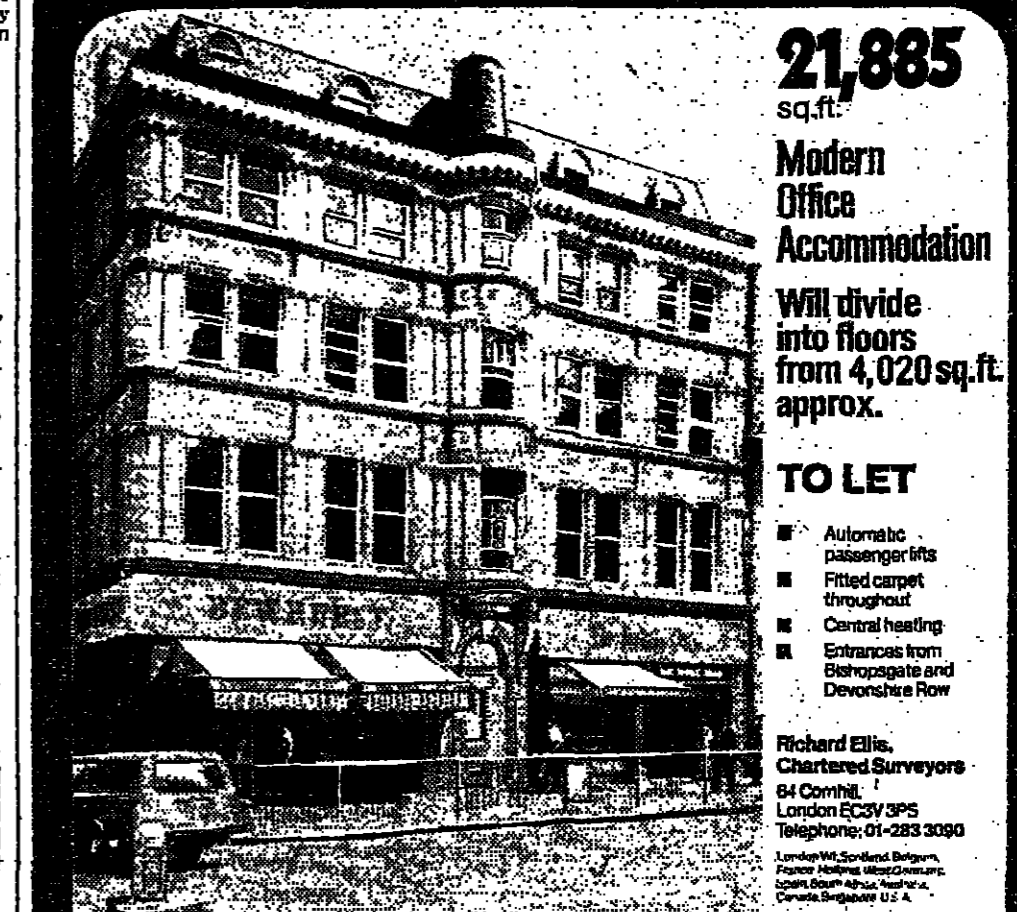
S.W. Scotland, Glasgow, N. Ireland  
Occasional rain, becoming dry in most areas. Max. 15C (59F).

N.E. N.W. Scotland, Argyll, Orkney, Shetland  
Occasional rain, becoming mainly dry. Max. 13C-14C (54F-57F).

Outlook: Mostly dry. Sunny periods. Occasional rain in N.

HOLIDAY RESORTS  
V-day  
Monday  
Alicante 10-11  
Amsterdam 10-11  
Antwerp 10-11  
Athens 10-11  
Barcelona 10-11  
Birmingham 10-11  
Bristol 10-11  
Cardiff 10-11  
Cologne 10-11  
Düsseldorf 10-11  
Edinburgh 10-11  
Frankfurt 10-11  
Geneva 10-11  
Hamburg 10-11  
Heidelberg 10-11  
Lisbon 10-11  
London 10-11  
Luxembourg 10-11  
Madrid 10-11  
Manchester 10-11  
Milan 10-11  
Munich 10-11  
Naples 10-11  
New York 10-11  
Oporto 10-11  
Paris 10-11  
Rome 10-11  
Seville 10-11  
Stockholm 10-11  
Toulouse 10-11  
Valencia 10-11  
Vienna 10-11  
Zurich 10-11

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## Richard Ellis

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